ANNUAL REPORT 2018

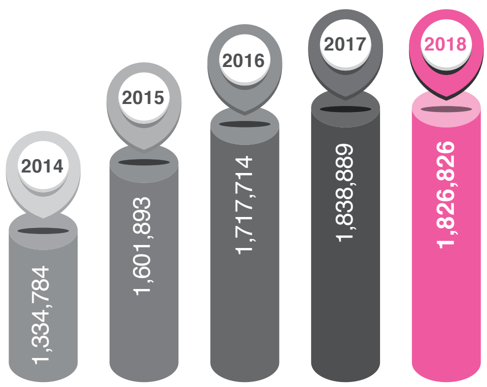
KJCF
KIAN JOO GROUP

KIAN JOO CAN FACTORY BERHAD
(INCORPORATED IN MALAYSIA) (003186-P)

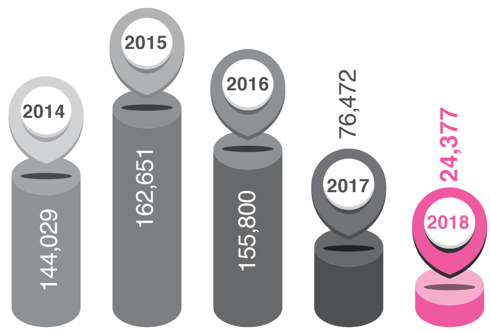
FIVE-YEAR GROUP FINANCIAL HIGHLIGHTS

	2018	2017	2016	2015	2014
Revenue (RM'000)	**1,826,826**	1,838,889	1,717,714	1,601,893	1,334,784
Profit Before Taxation (RM'000)	**24,377**	76,472	155,800	162,651	144,029
Profit Attributable to Owners of the Company (RM'000)	**17,259**	89,958	128,611	131,314	120,910
Paid-up Capital (RM'000)	**111,786**	111,786	111,042	111,042	111,042
Shareholders' Equity (RM'000)	**1,458,068**	1,465,846	1,422,443	1,295,071	1,138,900
Total Assets (RM'000)	**2,734,734**	2,484,868	2,277,012	2,031,682	1,710,338
Total Borrowings (RM'000)	**801,409**	573,285	455,944	377,682	294,829
Earnings Per Share (Sen)	**3.89**	20.25	28.96	29.56	27.22
Net Assets Backing Per Share (RM)	**3.28**	3.30	3.20	2.92	2.56
Borrowings / Shareholders' Equity (%)	**55**	39	32	29	26

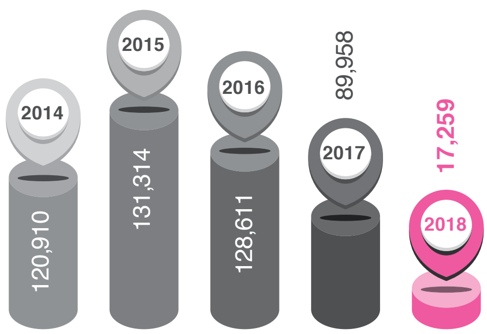
REVENUE
(RM'000)



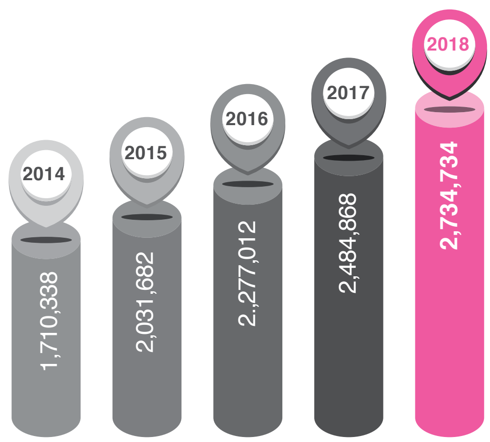
PROFIT BEFORE TAXATION
(RM'000)



PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY
(RM'000)



TOTAL ASSETS
(RM'000)



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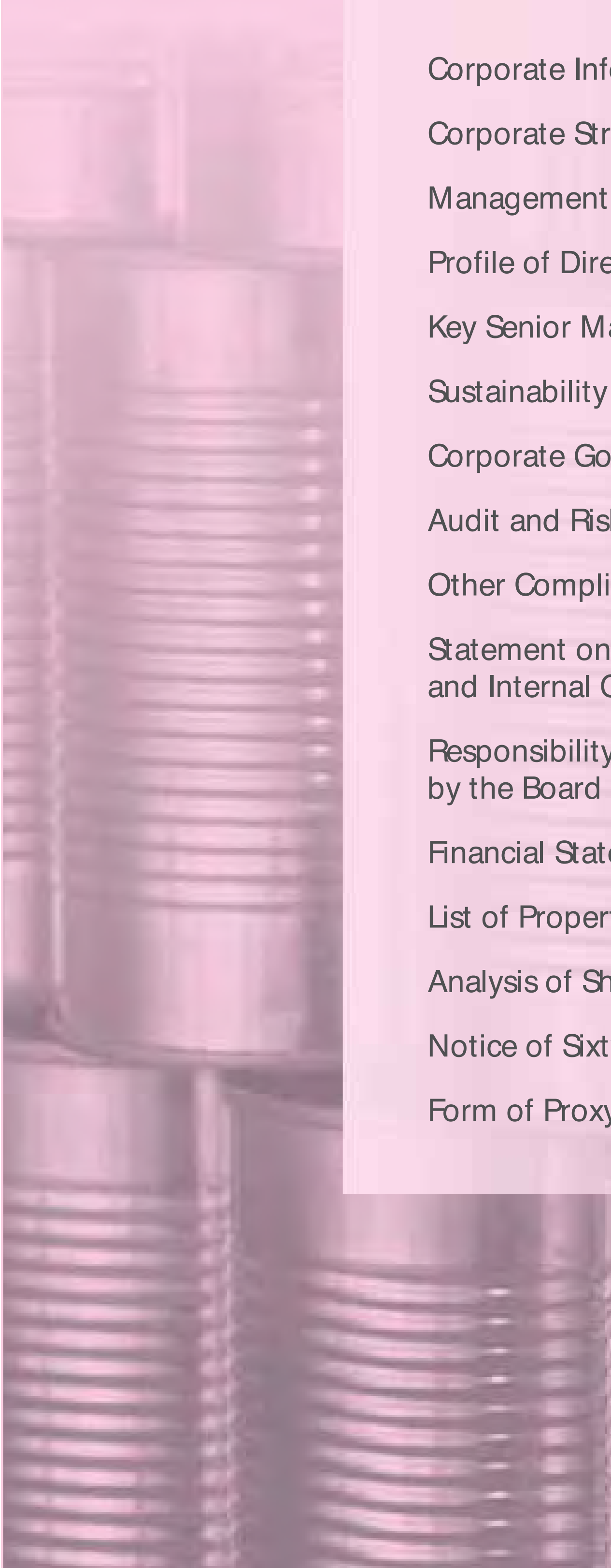


CORPORATE INFORMATION

BOARD OF DIRECTORS

Dato' Mah Siew Kwok
Chairman/Independent Non-Executive Director

Yeoh Jin Hoe
Group Managing Director

Chee Khay Leong
President cum Chief Executive Officer

Y.A.M. Tunku Zain Al-'Abidin Ibni Tuanku Muhriz
Independent Non-Executive Director

Dato' Dr. Syed Hussain Bin Syed Husman, J.P.
Senior Independent Non-Executive Director

Rajaretnam Soloman Daniel
Independent Non-Executive Director

Lee Kean Teong
Independent Non-Executive Director

Kee E-Lene
Independent Non-Executive Director

AUDIT AND RISK MANAGEMENT COMMITTEE

Lee Kean Teong *(Chairman)*
Dato' Mah Siew Kwok
Y.A.M. Tunku Zain Al-'Abidin Ibni Tuanku Muhriz

REMUNERATION COMMITTEE

Dato' Dr. Syed Hussain Bin Syed Husman, J.P. *(Chairman)*
Kee E-Lene
Yeoh Jin Hoe

NOMINATION COMMITTEE

Dato' Mah Siew Kwok *(Chairman)*
Y.A.M. Tunku Zain Al-'Abidin Ibni Tuanku Muhriz
Rajaretnam Soloman Daniel

SUSTAINABILITY COMMITTEE

Yeoh Jin Hoe *(Chairman)*
Chee Khay Leong
Rajaretnam Soloman Daniel

COMPANY SECRETARIES

Tan Bee Keng *(MAICSA 0856474)*
Kwong Shuk Fong *(MAICSA 7032330)*

AUDITORS

BDO PLT
(LLP0018825-LCA & AF 0206)
Chartered Accountants
Level 8, BDO@Menara CenTARa
360, Jalan Tuanku Abdul Rahman
50100 Kuala Lumpur, Malaysia
Tel No. : +603-2616 2888
Fax No. : +603-2616 3190

REGISTERED OFFICE AND CORPORATE OFFICE

Lot No. 10
Jalan Perusahaan Satu
68100 Batu Caves
Selangor Darul Ehsan, Malaysia
Tel No. : +603-6189 6322
Fax No. : +603-6189 8185

SOLICITORS

Lee Hishamuddin Allen & Gledhill

PRINCIPAL BANKERS

Affin Hwang Investment Bank Berhad
Affin Hwang Asset Management Berhad
AmBank (M) Berhad
AmBank Islamic Berhad
Bank of China (Malaysia) Berhad
Citibank Berhad
Cooperative Rabobank U.A. (Singapore Branch)
Hong Leong Bank Berhad
HSBC Bank Malaysia Berhad
Mizuho Bank, Ltd (Yangon Branch)
OCBC Bank (Malaysia) Berhad
Standard Chartered Bank Malaysia Berhad

SHARE REGISTRAR

Boardroom Share Registrars Sdn. Bhd.
(formerly known as Symphony Share Registrars Sdn. Bhd.)
Level 6, Symphony House
Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor Darul Ehsan, Malaysia
Tel No. : +603-7841 8088/8099
Fax No. : +603-7841 8100

STOCK EXCHANGE LISTING

Main Market
Bursa Malaysia Securities Berhad
Stock Name : KIANJOO
Stock Code : 3522
Sector : Industrial Products & Services
Sub-Sector : Packaging Material

WEBSITE

www.KJCF.net

CORPORATE STRUCTURE
AS AT 29 MARCH 2019

KJCF
KIAN JOO GROUP

KIAN JOO CAN FACTORY BERHAD*
(INCORPORATED IN MALAYSIA) (003186-P)

- 100% Kian Joo Packaging Sdn. Bhd.
- 100% KJM Aluminium Can Sdn. Bhd.
- 100% Federal Metal Printing Factory, Sdn. Berhad
  - 1% Bintang Seribu Sdn. Bhd.
- 100% Metal-Pak (Malaysia) Sdn. Bhd.
  - 99% Bintang Seribu Sdn. Bhd.
  - 100% Great Asia Tin Cans Factory Company, Sdn. Berhad
- 100% KJ Can (Selangor) Sdn. Bhd.
- 100% KJ Can (Johore) Sdn. Bhd.
- 100% Kian Joo Canpack Sdn. Bhd.
- 100% Kian Joo Canpack (Shah Alam) Sdn. Bhd.
- 100% KJ Can (Singapore) Pte. Ltd.
  - 100% Kianjoo Can (Myanmar) Company Limited
  - 100% KJ TOGO Pte. Ltd.
    - 100% KJ TOGO (Malaysia) Sdn. Bhd.
- 100% Indastri Kian Joo Sdn. Bhd.
- 100% Kian Joo Manufacturing Sdn. Bhd.
  - 1% PT. KJ Canco
- 100% KJO International Sdn. Bhd.
  - 99% PT. KJ Canco
  - 99% PT. KJ Canmax
- 100% Kian Joo Cans Distribution Sdn. Bhd.
  - 1% PT. KJ Canmax
- 100% Kian Joo Can (Vietnam) Co., Ltd.
  - 1% PT. KJ Box-Pak
- 54.99% **BOX-PAK (MALAYSIA) BHD.***
  - 99% PT. KJ Box-Pak
  - 100% Box-Pak (Johore) Sdn. Bhd.
  - 100% BP MPak Sdn. Bhd.
  - 100% BP Pak (Singapore) Pte. Ltd.
    - 100% Boxpak (Myanmar) Company Limited
  - 100% Box-Pak (Vietnam) Co., Ltd.
    - 100% Box-Pak (Hanoi) Co., Ltd.

* *Listed on the Main Market of Bursa Malaysia Securities Berhad*

MANAGEMENT DISCUSSION AND ANALYSIS

INTRODUCTION

The following Management Discussion and Analysis ("MD&A") provides an analysis of the financial performance of Kian Joo Can Factory Berhad ("the Company") and its subsidiaries ("the Group") for the financial year ended 31 December 2018 ("FYE2018"). The MD&A contains commentary from the Management on the performance of the Group and of the Company, key business strategies, risks and future prospect of the Group.

The MD&A should be read in conjunction with the audited financial statements of the Group and of the Company as set out in pages 58 to 145.

This MD&A is the responsibility of the Management. The Audit and Risk Management Committee ("ARMC") and the Board of Directors ("Board") have reviewed and approved this MD&A for inclusion in the Annual Report for FYE2018.

MANAGEMENT DISCUSSION AND ANALYSIS

FORWARD LOOKING STATEMENTS

Apart from historical facts presented herein, this MD&A contains statements which are forward-looking. These statements reflect the expectations of the Management regarding the future growth, general industry and economic outlook, financial and operating conditions, business risks and opportunities as well as plans and strategies of the Group. These statements are made based on the Management's reasonable expectations and beliefs in light of the information available to them and is subject to future uncertainty. Expressions (but not limited to) such as "seek", "projects", "anticipates", "expects", "believes", "estimates", "could", "intends", "may", "might", "plans", "will", "would" and other similar expressions or the negative of these expressions, are generally indicative of the forward-looking statements.

Whilst the Management has exercised diligence when expressing these statements, these forward-looking statements are subject to inherent uncertainties and should be treated with caution. Actual future performance may materially differ from the projections herein.

OVERVIEW

The Group organises its principal business into 4 major business divisions and 2 minor business divisions.

The major business divisions comprise:

a. Tin cans division
b. Aluminium cans division
c. Cartons division
d. Trading division

The minor business divisions comprise:

a. Contract manufacturing division
b. Investment and property holding division

Tin cans division

This division is principally involved in the manufacture of tin cans and components in Malaysia and Vietnam. Tin cans manufactured by the Group are supplied to a wide variety of industries including fast moving consumer goods, industrial products, battery jacket, aerosol and other products.

Aluminium cans division

This division is principally involved in the manufacture of aluminium can in Malaysia. The main customers of aluminium cans are the beverage industry which include beer, carbonated soft drinks and Asian drink products.

The division's manufacturing facility in Myanmar is expected to commence operations in the first quarter of 2019.

Cartons division

This division is principally involved in the manufacture of corrugated cartons for fast moving consumer goods, electronic and electrical products, footwear, furniture and others in Malaysia and Vietnam.

The division's manufacturing facility in Myanmar is expected to commence operations in the first quarter of 2019.

Trading division

This division undertakes sales and marketing activities for the Group. It also acted as centralised international procurement centre for main direct material of the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW (continued)

Contract manufacturing division

Through this division, the Group provides contract manufacturing services to its customers, in addition to the products manufactured by the other divisions in the Group. The main products packed by this division are carbonated single serve drinks and milk powder.

Investment and property holding division

All activities not classified above are included in this division. This include investment in properties held for future development, and properties rented to related companies and third parties.

FINANCIAL PERFORMANCE

Summary of the Group's financial performance for FYE 2018 as compared to financial year ended 31 December 2017 ("FYE 2017") are as follows:

	FYE 2018	FYE 2017	(Decrease)/Increase	
	RM'000	RM'000	RM'000	%
Revenue	**1,826,826**	1,838,889	(12,063)	(0.7)
Gross profit ("GP")	**180,791**	226,499	(45,708)	(20.2)
Profit before taxation ("PBT")	**24,377**	76,472	(52,095)	(68.1)
Profit after taxation ("PAT")	**10,446**	83,028	(72,582)	(87.4)
Earnings before interest, tax, depreciation and amortisation ("EBITDA")	**143,133**	185,691	(42,558)	(22.9)
Gross assets	**2,734,734**	2,484,868	249,866	10.1
Shareholders' equity	**1,458,068**	1,465,846	(7,778)	(0.5)
No. of shares in issue ('000)	**444,168**	444,168	-	-
Total borrowings	**801,409**	573,285	228,124	39.8
GP Margin (%)	**9.9**	12.3		
PBT Margin (%)	**1.3**	4.2		
PAT Margin (%)	**0.6**	4.5		
EBITDA Margin (%)	**7.8**	10.1		
Net assets per share (RM)	**3.28**	3.30		
Earnings per share (Sen)	**3.89**	20.25		
Borrowings/Shareholders' Equity	**0.55**	0.39		

For the FYE 2018, the Group's revenue dropped marginally from Ringgit Malaysia ("RM") 1.84 billion in FYE 2017 to RM1.83 billion in FYE 2018. The decrease was mainly due to a decrease in sales of tin cans in Vietnam, aluminium cans as well as decrease in export sales for the contract manufacturing division.

GP dropped from RM226.5 million to RM180.8 million due mainly to higher cost of key materials such as tin plates, aluminium and paper rolls. Additional manufacturing cost incurred as a result of new expansion in manufacturing capacity such as additional depreciation and labour cost had also eroded the GP.

PBT declined from RM76.5 million in FYE 2017 to RM24.4 million in FYE 2018 due to drop in GP, pre-operating expenses incurred in Myanmar amounting to RM19.9 million (FYE 2017: RM5.1 million) and unrealised loss in aluminium hedging instrument of RM5.9 million (FYE 2017: gain of RM0.2 million).

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL PERFORMANCE (continued)

PAT reduced from RM83.0 million to RM10.4 million. The effective tax rate was higher in FYE 2018. This was attributable mainly to the non-recognition of deferred tax credits of loss making subsidiary following the announcement in the National Budget 2019 which limits the utilisation of such unabsorbed tax losses and reinvestment allowances for a period of 7 years.

Income tax expense continued to be provided for in respect of profit making companies.

In the previous financial years, deferred tax credit was recognised as there were no time limit imposed on the utilisation of unabsorbed tax losses and reinvestment allowances.

Tin cans division

	FYE 2018	FYE 2017	Increase/(Decrease)	
	RM'000	RM'000	RM'000	%
Revenue	**592,784**	591,940	844	0.1
PBT	**46,163**	83,532	(37,369)	(44.7)

Tin cans division recorded a marginal increase in revenue to RM592.8 million in FYE 2018 as compared to RM591.9 million in FYE 2017. Plants in Malaysia registered an increase in revenue of RM30.2 million. This was offset by a decline in revenue of RM29.4 million from Vietnam plant.

The increase in revenue from the plants in Malaysia was mainly attributable to upward adjustment in selling price to compensate for increase in tin plate cost. The decline in revenue from Vietnam plant was due mainly to drop in demand from dairy segment and unfavourable exchange rate when translating revenue denominated in Vietnam Dong ("VND") to RM.

PBT however dropped from RM83.5 million in FYE 2017 to RM46.2 million due to changes in sales mix, and increase in tin plate cost.

Aluminium cans division

	FYE 2018	FYE 2017	(Decrease)	
	RM'000	RM'000	RM'000	%
Revenue	**560,882**	613,388	(52,506)	(8.56)
Loss before taxation ("LBT")/PBT	**(19,446)**	16,419	(35,865)	(218.44)

Aluminium cans division recorded a reduction in revenue from RM613.4 million in FYE 2017 to RM560.9 million in FYE 2018. The drop in revenue was contributed by weaker consumer market sentiment in Malaysia and lower export sales.

This division recorded a LBT of RM19.4 million in FYE 2018 as compared to a PBT of RM16.4 million in FYE 2017. The deterioration in results was contributed mainly by:

a. Pre-operating loss in Myanmar plant amounting to RM14.0 million;
b. Higher cost of aluminium during the year. On average, aluminium was traded 7.2% higher than FYE 2017 on the London Metal Exchange ("LME");
c. Unrealised loss in aluminium hedging contract amounting to RM5.9 million as compared to a gain of RM0.2 million in FYE 2017;
d. Foreign currency exchange loss amounting to RM2.2 million in FYE 2018 as compared to a foreign currency exchange gain amounting to RM1.9 million in FYE 2017; and
e. Higher depreciation and manufacturing overheads due to expansion of manufacturing capacity completed in FYE 2017 and FYE 2018.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL PERFORMANCE (continued)

Aluminium cans division (continued)

The manufacturing facility in Myanmar is expected to commence operations in first quarter of 2019. As a green field project, the Group anticipates the new plant to contribute positive results after 4 to 5 years from commencement of operations.

The Group intends to ride on the potential growth in beverage and beer market in Myanmar, where the demand is anticipated to increase when the growth momentum in Myanmar gathers pace.

Cartons division

	FYE 2018	FYE 2017	Increase/(Decrease)	
	RM'000	RM'000	RM'000	%
Revenue	**627,363**	552,752	74,611	13.5
LBT	**(13,411)**	(15,492)	2,081	(13.4)

In FYE 2018, the cartons division achieved a 13.5% revenue growth to register an annual revenue of RM627.4 million as compared to RM552.8 million recorded in FYE 2017.

The increase in revenue was driven by higher sales volume and upward adjustments in selling price, driven by increase in cost of direct materials in recent years. The improvement in revenue was partially offset by unfavourable exchange rate when translating revenue denominated in VND into RM.

In FYE 2018, this division registered a LBT of RM13.4 million as compared to LBT of RM15.5 million in FYE 2017.

The improvements in results were attributable to better performance by the plants in Malaysia, following the upward adjustment of selling price and stabilisation of cost of paper, offset by the pre-operating loss incurred in Myanmar amounting to RM5.9 million as compared to RM1.8 million in FYE 2017.

The manufacturing facility in Myanmar is expected to commence operations in first quarter of 2019. As a green field project, the Group anticipates the new plant to contribute positive results after 4 to 5 years from commencement of operations.

The Group intends to ride on the existing customer base in Malaysia and Vietnam to kick start its operations in Myanmar. Demand for carton boxes is anticipated to increase when the growth momentum in Myanmar gathers pace.

Trading division

	FYE 2018	FYE 2017	(Decrease)	
	RM'000	RM'000	RM'000	%
Revenue	**517,382**	587,754	(70,372)	(12.0)
PBT	**16,210**	17,237	(1,027)	(6.0)

Trading division recorded a revenue of RM517.4 million in FYE 2018, representing a 12.0% decline compared to RM587.8 million recorded in FYE 2017. The reduction was mainly due to the cessation of operations of 1 of the trading companies in Malaysia.

PBT decreased to RM16.2 million from RM17.2 million recorded in FYE 2017 in tandem with the reduction in revenue.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL PERFORMANCE (continued)

Contract manufacturing division

	FYE 2018	FYE 2017	(Decrease)	
	RM'000	RM'000	RM'000	%
Revenue	**79,604**	122,168	(42,564)	(34.8)
(LBT)/PBT	**(3,002)**	6,271	(9,273)	(147.9)

Revenue in Contract manufacturing division decreased by 34.8% to RM79.6 million as compared to RM122.2 million in FYE 2017. The decline in revenue was mainly contributed by expiry of contract manufacturing arrangement with 1 of its overseas customers.

The Group recorded a LBT of RM3.0 million in FYE 2018 as compared to a PBT of RM6.3 million in FYE 2017. Apart from the drop in revenue, this division incurred pre-operating expenses amounting to approximately RM3.4 million on a new project, which upon commissioning will enable this division to bottle beverage in polyethylene terephthalate ("PET") bottle.

STRATEGIC ANALYSIS

Overall market analysis and outlook

Tin cans division

Tin cans are used as a primary packaging material for a variety of products which include food and beverage, confectionary, lubricant, paint, chemical and other dried and liquid products. We produce a wide range of lithographed tin cans products in terms of shapes and sizes.

Tin cans market in Malaysia is a matured industry with more than 50 years of history. The Malaysian Tin Cans Manufacturer Association which is the trade association representing this industry has 20 members.

At present, majority of the products manufactured by our plants in Malaysia are for domestic customers. Hence, the growth of tin can business in Malaysia is dependent on the demand at the end user market (whether domestic or export) for consumers and our ability to grow the export business.

In Vietnam, there are approximately 15 manufacturers of tin cans. Tin cans manufactured by our plants in Vietnam is to cater for domestic customers, especially in the diary and aerosol segments.

Aluminium cans division

Aluminium can is used as primary packaging material for single serve, ready to drink beverage products. This include beer, carbonated soft drinks and non-carbonated retortable Asean drink product.

There are only 2 manufacturers for aluminium cans in Malaysia although it is possible for domestic customer to import empty cans from abroad.

Majority of aluminium cans produced by the Group is to cater for domestic customers. Hence, the growth of aluminium cans business is dependent upon the demand at the end user market (whether from domestic market or export) for consumers and our ability to grow the export market.

The Group's new aluminium can plant in Myanmar is expected to commence operations in the first quarter of 2019. As a greenfield project, it is only expected to contribute positive results to the Group in 4 to 5 years time.

MANAGEMENT DISCUSSION AND ANALYSIS

STRATEGIC ANALYSIS (continued)

Overall market analysis and outlook (continued)

Cartons division

Corrugated cartons are used in a wide variety of industries worldwide as primary and secondary packaging materials. The market demand for the Group's products is dependent on the economic situation in Malaysia, Vietnam and Myanmar.

The product specifications may differ from industry to industry and from customer to customer. The Group's objective is to supply carton boxes which our customers want at the price acceptable to them in order to achieve business growth.

In Malaysia, the corrugated carton industry is a matured industry with a lot of players. The Malaysian Corrugated Carton Manufacturer's Association which is the trade association representing the industry, has more than 50 members and associate members. The Group focuses their marketing effort on fast moving consumer products where high quality carton boxes are in demand. The Group also sells its products to electronic and electrical industry, paints and other industries.

In Vietnam, the cartons industry is a maturing industry with a high number of manufacturers. Apart from manufacturers of similar size, the Group's operations in Vietnam are also competing with large integrated cartons manufacturers as well as smaller converters.

The Group in Vietnam focuses its attention on fast moving consumer products and footwear where demand is high and the quality requirements are more stringent. The Group also supplies corrugated carton boxes to electric and electrical industry as well as furniture industry.

Apart from a handful of integrated corrugated cartons manufacturers who also manufacture paper rolls, there are also a handful of corrugated cartons manufacturers with size and capacity comparable to the Group's operations in Malaysia or Vietnam. There are also downstream players who are pure converters where they source paper boards from corrugators and supply carton boxes to their customers.

Due to the presence of the high number of corrugated cartons manufacturers in Malaysia and Vietnam, competition in both markets is intense and the profit margin is expected to be thin but reasonable.

In Myanmar, there are already more than 10 carton box manufacturers. Demand for corrugated cartons is expected to increase when its economy reap benefits from foreign direct investment into the country.

Trading division

This division was used primarily to consolidate marketing effort to sell products manufactured by the Group, domestically and globally. It is also used as an international procurement centre to consolidate the Group's negotiation power with supplier.

It is tasked with the roles of building an international marketing network to promote the Group's products globally.

Contract manufacturing division

This division is a value-add division as it offers additional service to assist our end customers to manufacture their products (milk powder and beverage) whilst customers concentrate their effort in developing their market.

This division is able to attract some renowned brand names to manufacture their products for domestic and export markets.

Customer concentration

The revenue stream of the Group is quite diversified as none of the customers contributed more than 15% of the Group's revenue.

However, due to inherent characteristics of the products manufactured by the Group, significant portion of sales of the Group are for fast moving consumer goods industry.

MANAGEMENT DISCUSSION AND ANALYSIS

STRATEGIC ANALYSIS (continued)

Credit risks

It is the industry norm to sell our products to customers on credit. The Group typically grant credit term of between 30 to 90 days, subject to a credit limit set upon evaluation of credit worthiness of each customer.

Credit terms and limit are evaluated annually and ageing reports are reviewed monthly to identify slow paying customers so that appropriate action can be taken to recover those debts. Where appropriate, some of the trade receivables are covered by trade insurance policy to reduce exposure to bad and doubtful debts.

A summary of debtors ageing together with a list of long outstanding debtors are presented to the ARMC for review on a quarterly basis.

On a regular basis, evaluations will be carried out to write-off bad debts, if any, and to provide for impairment for debts exceeding credit period.

Please refer to Note 14 of the financial statements for receivable ageing analysis.

Direct materials

Tin cans division

The main material used in the production of tin cans is tin plate.

There is only a sole supplier of tin plates in Malaysia and in Vietnam. However, importation of tin plates to Malaysia and Vietnam is permissible subject to payment of import duty (unless exemption can be obtained from the respective Government) and anti-dumping duty (where applicable).

The availability of tin plates is dependent on the availability of cold-rolled steel plates and the rolling mills' capacity to produce the tin mill black plates which form the core of the tin plates. Demand for other forms of steel products globally may affect the supply of cold-rolled steel plates and its pricing.

Aluminium cans division

Aluminium coils are the main material used in the production of aluminium cans.

There is no domestic supplier who can produce the aluminium coils required for the production of aluminium cans. Hence, aluminium coils are fully imported. Importation of aluminium coils are subject to import duty unless exemption is granted by the Government.

Cartons division

Paper roll is the main material used in the production of carton boxes.

In Malaysia, there are only a handful of reliable local paper suppliers from whom the Group purchases its paper rolls. The Group also imports certain types of paper rolls subject to 0% to 10% import duty.

Similarly in Vietnam, the Group works with a handful of reliable local suppliers where the Group sourced for its paper requirements. Some other paper materials can be imported, subject to 0% to 10% import duty.

Major suppliers of paper rolls in Malaysia and Vietnam are also producers of corrugated cartons. Hence, they have a competitive advantage against the Group in the market place.

In Myanmar, the Group is currently importing paper rolls to cater for production, free from duty. The Group is also assessing the quality standard of local paper mills with a view of localising some of the paper requirements in the future.

MANAGEMENT DISCUSSION AND ANALYSIS

STRATEGIC ANALYSIS (continued)

Cost of direct materials

Tin cans division

The main cost component for the manufacture of tin cans is the cost of tin plate. Cost of tin plate is influenced by the steel price in the international market, the availability of capacity at the rolling mills and the fluctuation in the USD exchange rates.

Cost of tin plate had continued to increase in FYE 2018. The ability to pass on the impact of increase in tin plate cost is paramount to improve profitability of this division in the coming financial year.

Aluminium cans division

The main cost component for the manufacture of aluminium cans is the cost of aluminium coil. Cost of aluminium coil is based on the commodity price quoted on the LME, aluminium rolling cost charged by the rolling mills and the fluctuation in the USD exchange rates.

Average aluminium price on the LME is higher in FYE 2018 as compared to FYE 2017. The Group manages the cost pressure by transferring the cost increase to customers and through hedging mechanism.

The rising cost of aluminium coil, if not managed properly, may affect the profit of this division.

Cartons division

The main cost component of corrugated carton is the cost of paper rolls.

Although majority of paper rolls are sourced locally by the Malaysian and Vietnam entities, the cost of paper roll mirror those of international market as it is influenced by the market price of paper pulps and old corrugated cardboard ("OCC") in the international market. Fluctuations in foreign currency exchange rate also have an impact on the price of paper rolls.

Supply of paper rolls in Malaysia and Vietnam is also dependent on the availability of capacity by local paper mills, some of which are controlled by the integrated corrugated cartons manufactures.

In FYE 2018, cost of paper roll in Malaysia had stabilised, after experiencing sharp rises since the end of December 2016. In Vietnam, however, the paper roll cost had continued to rise in FYE 2018, thus affecting its profit margin.

Overhead costs

Apart from direct materials, the Group incurred transportation, utilities, upkeep and other consumables costs (such as inks and glue) in the production of the Group's products. Price increase in these items may adversely affect the profitability of the Group.

Production and inventory management

Due to the limitation on the supply of key materials used, the Group keeps a reasonable quantity of raw materials in the manufacturing facilities to minimise disruption in the manufacturing of its products.

Products manufactured by the Group are made to order and specific to the customers, once produced. Excess quantity produced will be scrapped if there is no repeat orders from customers as the products produced have a limited shelf life. However, to ensure efficiency in production, certain minimum production quantities must be achieved.

Hence, careful production planning is essential to ensure that excess quantities are minimised whilst production efficiencies are maintained.

On a regular basis, evaluations will be carried out to write-off obsolete inventories and to provide for impairment for slow moving inventory.

MANAGEMENT DISCUSSION AND ANALYSIS

STRATEGIC ANALYSIS (continued)

Human capital

The Group employs a diversified workforce with various backgrounds, knowledge, skills and experience. The Group offers reasonable remuneration package, tasked at attracting talents to join the Group and retaining the existing pool of experienced employees.

In Malaysia, the direct labour cost is affected by the minimum wages fixed by the Government. The minimum wage for FYE 2017 and FYE 2018 was RM1,000 per month. It was poised to be increased to RM1,100 per month commencing 1 January 2019.

The rise in minimum wage rate increase the cost burden of the Malaysia entities. These entities relied on foreign workers from Nepal, Vietnam, Myanmar and Bangladesh to provide the labour required at the manufacturing facilities.

In Vietnam, the Government enforces the minimum wage scheme. In Ho Chi Minh City, the minimum wage was increased from VND3.75 million in FYE 2017 to VND3.98 million in FYE 2018. Similarly, the minimum wage increased from VND3.32 million per month per worker to VND3.53 million per month per worker in Hanoi.

The Vietnam National Wage Council had further raised the minimum wage in Ho Chi Minh City and Hanoi to VND4.18 million and VND3.71 million respectively from 1 January 2019. This will further add cost burden to the Group's Vietnam operations.

In Myanmar, the minimum wage fixed by the Myanmar Government is Myanmar Kyat 4,800 a day.

Apart from wages, training programs are held from time to time to develop and enhance the workers' skills in all plants. Considerable emphasis is also placed to increase our workers' awareness on occupational safety and health matters to promote a safe and healthy work place.

Risk associated with loss of key personnel are reviewed regularly and succession plans are in place for key roles.

Manufacturing facilities

Production facilities, machinery and equipment are essential parts of the business. They are subject to technological obsolescence and wear and tear. Hence, regular upgrades and maintenance are required to ensure that they can be operated at the optimum level and reduce wastages. Inevitably, as the machineries and equipment age, it will be more costly to upkeep them.

The Group incurred approximately RM230.4 million in FYE 2018 to bring in new machineries in all divisions, aimed at bringing up the production speed, capacity, production efficiency and to reduce wastages.

All manufacturing facilities are insured to protect the Group's interest in the event of any mishaps.

Impairment review

Some of the Group's entities had generated losses in FYE 2018 which gave an indication that the value of machinery in use may have been impaired.

Although the causes for the losses had been determined and corrective actions had been taken to turn around the results of these entities, the Group had evaluated the possibility of impairment on the value of machinery used in these entities.

Impairment review was carried out based on a variety of estimations including the value in use of the loss making entities and the capital appreciation of landed properties. The estimation of value in use required the Management to estimate the expected projected future cash flows and discount it using a suitable discount rate.

Based on the review, the Management concluded that no adjustment is to be made for impairment loss in FYE 2018.

MANAGEMENT DISCUSSION AND ANALYSIS

STRATEGIC ANALYSIS (continued)

Liquidity and capital management

The Group maintains a healthy level of cash and cash equivalent and credit facilities from financial institutions to fund the Group's short term and long term commitments. The Group also manages the repayment profile of the borrowings in order to reflect the ability to generate cash from its operations.

The Group's borrowings are denominated in multiple currencies to match the currency of the repayment source. The Group's borrowings are subject to periodic reviews to ensure they are priced at competitive rates.

Excess funds, if any, are placed in interest bearing assets.

As at 31 December 2018, the Group's shareholders' equity and debts are as follows:

	FYE 2018 RM'000	FYE 2017 RM'000
Shareholders' equity	**1,458,068**	1,465,846
Borrowings		
- Short term	**420,100**	377,769
- Long term	**381,309**	195,516
Gross borrowings	**801,409**	573,285
Trade and other payables	**272,839**	245,873
Short term funds	**(34,889)**	(29,496)
Cash and bank balances	**(122,891)**	(139,304)
Net debt	**916,468**	650,358
Capital and net debt	**2,374,536**	2,116,204
Gearing ratio (%)	**39**	31

The gearing ratio increased as additional borrowings were incurred to finance the Group's expansion plan in Myanmar. The Group anticipates the gearing ratio to increase further in the near future to reflect additional borrowings needed to complete the expansion project in Myanmar and to finance its working capital.

Borrowings incurred by the Group exposes the Group to interest rate risks as they are priced based on floating market interest rates. In respect of certain long term borrowings, the Group enters into interest rate swap contracts ("IRS") to fix the interest rate.

The IRS is subject to fair value adjustments at the end of each reporting period. The fair value adjustments had been accounted for as cash flow hedge under other comprehensive income/loss.

Foreign currency exposures

The Group's operating results and cash flows are not expected to be severely impacted by fluctuations in foreign currency exchange rate as a majority of sales and purchases are denominated in the functional currencies in the respective countries, although inter-company advances to and dividends from foreign subsidiaries, and purchases of machineries and equipment are denominated in non-functional currencies.

However, due to the difference in functional currencies between the Malaysian entities and its foreign subsidiaries, the net assets value in Vietnam, Indonesia, Singapore and Myanmar are subject to foreign currency translation risk. The translation differences were accounted for as foreign currency translation reserve.

MANAGEMENT DISCUSSION AND ANALYSIS

STRATEGIC ANALYSIS (continued)

Foreign currency exposures (continued)

The Group also has a loan denominated in RM to finance capital expansion in Vietnam, being borrowing incurred in 2012. The loan was treated as USD lending by the Malaysian entity to the Vietnam entity.

The Group entered into a cross currency swap contract ("CCS") to manage the USD fluctuation and interest rate risk in Malaysia by fixing the USD rate and interest rate. However in the Vietnam entity, the loan is still exposed to the fluctuations in USD against VND due to the absence of an effective hedging mechanism. The CCS is subject to fair value adjustments at the balance sheet date, which was accounted for as derivative financial instrument and in the foreign currency translation reserve accounts.

The loan balance as at 31 December 2018 amounting to RM7.5 million is expected to be fully repaid by 2019.

As at 31 December 2018, there is a credit balance of RM22.3 million in the foreign currency translation reserve accounts.

OTHER MATTERS

Taxation

The statutory tax rate in Malaysia is 24% and Vietnam is 15% to 20%. In Myanmar, the Group is poised to enjoy tax holiday for 5 years from the commencement of operations.

Despite registering a lower PBT in FYE 2018 at RM24.4 million, the Group incurred a higher tax charge of RM13.9 million. This was mainly attributable to tax payable by profit making entities, in the absence of group relief.

No consideration has been given on the current year tax losses incurred by the loss making entities in Malaysia, Vietnam and Myanmar. These can be utilised to offset against future tax income once these entities return to profit, subject to a 7-year limit (in the case of Malaysia and Vietnam).

Retirement benefit

The Group operates an unfunded defined contribution retirement benefit program. Actuarial valuation is carried out once in 3 years by external professionals to determine the cost of service to be accounted for. The last actuarial valuation was carried out in 2016.

Related parties transactions

Entities in the Group had entered into related party transactions to:

a. rent factory premises from related companies;
b. borrow funds from and pay interest thereon to related companies;
c. purchase from and sell products to related companies; and
d. sell products to and purchase materials from its related parties in accordance with the mandate given by the shareholders at the Annual General Meeting of the Company held on 25 April 2018.

The related party transactions are subject to review regularly to ensure that they were entered into in the ordinary course of business on terms that the Board considered comparable to transactions entered with third parties.

Dividend

The Group had not adopted any dividend policy. However, the Board will evaluate the Group's profitability, long-term plan and cash flows position annually before recommending any dividend payment.

No dividend was declared or proposed by the Board for FYE 2018.

PROFILE OF DIRECTORS

DATO' MAH SIEW KWOK
Independent Non-Executive Chairman
Malaysian, Male, Aged 70

Dato' Mah Siew Kwok was appointed to the Board of Directors ("Board") of the Company as Independent Non-Executive Director of the Company on 18 July 2013 and was elected as Chairman to the Board of the Company on 18 May 2015. He is also the Chairman of the Nomination Committee and a member of the Audit and Risk Management Committee.

Dato' Mah founded Messrs Mah & Partners in 1975 and was Senior Partner of the firm specialising in Corporate Law, Banking Law as well as Land Law. Dato' Mah remained in practice for 10 years before venturing into the commercial sector where he was the Managing Director of South Malaysia Industries Berhad from 1983 to 1994.

Since 1994, Dato' Mah has been involved in the Information Technology business where his last executive role was as Executive Vice Chairman and Chief Executive Officer of Omesti Berhad.

Dato' Mah is currently the Non-Executive Vice Chairman of Omesti Berhad, a Deputy Chairman of Ho Hup Construction Company Berhad and an Independent Director of Vertice Berhad, all of which are listed on Bursa Malaysia Securities Berhad ("Bursa Securities"). He is Deputy Chairman of Chong Hwa Independent High School and a trustee and member of Chong Hwa KL Foundation. He is also a member of the Board of Trustees of Kwan Inn Teng Foundation. He has been elected as Executive Committee Member of the Inns of Court Malaysia.

He does not have family relationship with any Director and/or major shareholder of the Company. He does not have personal interest in any business arrangement involving the Company.

YEOH JIN HOE
Group Managing Director
Malaysian, Male, Aged 72

Yeoh Jin Hoe was appointed to the Board of the Company on 18 June 2012 as Executive Director and assumed the position of Group Managing Director on 10 July 2012. He is responsible for the development of the corporate goals and objectives of the Group and the setting of strategies to achieve them. He is also the Chairman of the Sustainability Committee and a member of the Remuneration Committee.

He is also the Group Managing Director of the listed subsidiary company, Box-Pak (Malaysia) Bhd. ("Box-Pak"). He has extensive experience in the manufacturing and trading industries. He was the former Managing Director of Can-One Berhad ("Can-One") which is the ultimate holding company of Kian Joo and listed on Bursa Securities. He currently remains as a Non-Independent Non-Executive Director of Can-One. He is also an Executive Director of Alcom Group Berhad ("AGB"), a company listed on Bursa Securities and Aluminium Company Malaysia Berhad, a wholly-owned subsidiary of AGB.

He founded several companies which are involved in the manufacturing sector. These companies manufacture and sell branded mattresses and other sleep related products; food products such as instant noodles and food seasonings; and distribution of sanitary wares, ironmongery, and builders' hardware.

He is a major shareholder of Kian Joo. He does not have family relationship with any Director of the Company. He does not have personal interest in any business arrangement involving the Company.

PROFILE OF DIRECTORS

CHEE KHAY LEONG
President cum Chief Executive Officer
Malaysian, Male, Aged 58

Chee Khay Leong was appointed to the Board of the Company on 18 June 2012 as Executive Director of the Company and assumed the position of Chief Operating Officer cum Executive Director on 10 July 2012. He was re-designated as President cum Chief Executive Officer ("CEO") on 10 July 2018. He oversees the implementation of the Group's broad operational strategies and policies, operations, management and performance of the Group. He is a member of the Sustainability Committee.

He is also the President cum CEO of the listed subsidiary, Box-Pak. He has extensive experience in the management of manufacturing facilities, marketing and business development. Prior to joining Kian Joo, he was the Chief Operating Officer cum Executive Director of Can-One. He joined Can-One group of companies ("Can-One Group") from 1977 to 2013. On 1 February 2018, he was re-appointed as Executive Director of Can-One.

He does not have family relationship with any Director and/or major shareholder of the Company. He does not have personal interest in any business arrangement involving the Company.

Y.A.M. TUNKU ZAIN AL-'ABIDIN IBNI TUANKU MUHRIZ
Independent Non-Executive Director
Malaysian, Male, Aged 36

Y.A.M. Tunku Zain Al-'Abidin Ibni Tuanku Muhriz was appointed to the Board of the Company on 5 July 2013. Tunku is also a member of the Audit and Risk Management Committee and the Nomination Committee.

Y.A.M. Tunku Zain holds a Bachelor of Science Degree in Sociology and a Master of Science in Comparative Politics from the London School of Economics and Political Science, United Kingdom ("UK").

Y.A.M. Tunku Zain is a Trustee of Yayasan Munarah, Yayasan Chow Kit, Genovasi Foundation and the Jeffrey Cheah Foundation. He is the Founding President of the Institute for Democracy and Economic Affairs ("IDEAS"), Kuala Lumpur. He is a Director of IDEAS Policy Research Berhad. He is also a columnist and writes for The Star, Borneo Post and Sin Chew Daily.

Y.A.M. Tunku Zain served as a research fellow in the Lee Kuan Yew School of Public Policy, National University of Singapore. Prior to that, he was a political researcher at KRA Group, Kuala Lumpur and was a consultant at the World Bank, Washington DC, United States of America ("USA").

Y.A.M. Tunku Zain is also a director or advisor of several educational organisations, patron of several cultural initiatives, and a committee member of several associations including the Squash Racquets Association of Malaysia.

He is also Royal Fellow of Universiti Kebangsaaan Malaysia.

He is an Independent Non-Executive Director in Allianz Malaysia Berhad, a company listed on Bursa Securities. He also serves as Director in a subsidiary of Allianz Malaysia Berhad.

He does not have family relationship with any Director and/or major shareholder of the Company. He does not have personal interest in any business arrangement involving the Company.

PROFILE OF DIRECTORS

DATO' DR. SYED HUSSAIN BIN SYED HUSMAN, J.P.
Senior Independent Non-Executive Director
Malaysian, Male, Aged 61

Dato' Dr. Syed Hussain was appointed to the Board of the Company on 30 April 2015. He was re-designated as Senior Independent Non-Executive Director of the Company on 23 November 2017. He is also the Chairman of the Remuneration Committee.

He holds a Bachelor in Business Studies degree and a Masters in Business Administration from Western Illinois University, Illinois, USA and has a Doctorate of Philosophy in Labour Relations from London, UK. He also attended the Senior Management Development Program at Harvard Business School, USA in 2002.

Dato' Dr. Syed Hussain was appointed a Fellow of the Malaysian Institute of Human Resources Management in 2000, a Justice of Peace in July 2000, an Associate member of the Commonwealth Magistrates and Judges Association ("CMJA"). He is a Council Member of the Malaysian Employers Federation, member of the National Skills Council and National Labour Advisor Council. He sits on the Board of Universiti Putra Malaysia ("UPM") and is the Board member of Putra Business School. In February 2018, he was appointed as a Council member of National Council for Occupational Safety and Health. He is also a Director of SME Corporation Malaysia (a central coordinating agency under the Ministry of Entrepreneur Development Malaysia).

He was with Procter & Gamble, Malaysia/Singapore as Human Resources and External Affairs Director (1992 to 1997); Rothmans of Pall Mall (Malaysia) Berhad (1997 to 2000) and British American Tobacco (Malaysia) Berhad (2000 to 2004) as Director, Human Resources - Public Relations and Security Affairs. He joined Ramunia Holdings Bhd. (2006 to 2008) as Group Director, Human Resources, Communications and Information Technology, and Petrofield (M) Sdn. Bhd. (2008 to 2010) as Group Director, Human Resources, Corporate Affairs and Government Affairs.

He is an Executive Director/Chief Executive Officer of SVTT Resources Sdn. Bhd., and the Chairman and Senior Independent Non-Executive Director of KIP Real Estate Investment Trust, a company listed on Bursa Securities.

He does not have family relationship with any Director and/or major shareholder of the Company. He does not have personal interest in any business arrangement involving the Company.

RAJARETNAM SOLOMAN DANIEL
Independent Non-Executive Director
Malaysian, Male, Aged 64

Rajaretnam Soloman Daniel was appointed to the Board of the Company on 30 April 2015. He is also a member of the Nomination Committee and Sustainability Committee.

He holds a Bachelor of Economics (Honours) degree from University of Malaya and a Masters in Business Administration from University of Strathclyde, Glasgow, UK under scholarship from United Asian Bank Berhad ("UAB") (now known as CIMB Bank Berhad).

He has over 33 years of experience in the banking industry particularly, in the area of credit management, having served as Group Chief Credit Officer in EON Bank Group ("EON") and RHB Bank Group ("RHB") previously. During his tenure with EON and RHB, he sat in several committees in the aforesaid banks namely, Credit Committee, Management Committee, Credit Recovery Committee, Risk Management Committee, Risk Assessment Committee, Base II Steering Committee, ALCO and IT Steering Committee. He also served as director in several subsidiaries of RHB Bank Group.

He is an Independent Non-Executive Director in Jerasia Capital Berhad, a company listed on Bursa Securities and also holds directorship in private companies involved in property development and commissioning.

He does not have family relationship with any Director and/or major shareholder of the Company. He does not have personal interest in any business arrangement involving the Company.

PROFILE OF DIRECTORS

LEE KEAN TEONG
Independent Non-Executive Director
Malaysian, Male, Aged 60

Lee Kean Teong was appointed to the Board of the Company on 19 May 2015. He is also the Chairman of the Audit and Risk Management Committee.

He was with Messrs KPMG Malaysia for more than 35 years and was a partner until his retirement on 31 December 2014. He qualified as a Chartered Accountant of the Malaysian Institute of Accountants and is also a member of the Malaysian Institute of Certified Public Accountants and a Fellow member of CPA Australia.

He has extensive experience in audit and management consulting throughout his career. He was the engagement partner for a wide range of companies which included public listed companies and multinationals in various industries, mainly in manufacturing, property development and construction, hotel, stock broking and finance.

He is an Independent Non-Executive Director of Oriental Holdings Berhad, EG Industries Berhad and Advance Information Marketing Berhad, all of which are listed on Bursa Securities.

He does not have family relationship with any Director and/or major shareholder of the Company. He does not have personal interest in any business arrangement involving the Company.

KEE E-LENE
Independent Non-Executive Director
Malaysian, Female, Aged 50

Kee E-Lene was appointed to the Board of the Company on 19 May 2015. She is also a member of the Remuneration Committee.

She holds an LLB (Honours) degree from the University of Nottingham, England and was admitted to the Bar of England and Wales and the Malaysian Bar in 1991 and 1993 respectively. In 2015, she completed the Finance for Executive Programme at Institut Européen d' Administration des Affaires ("INSEAD").

She worked mainly in corporate law and went on in the 1990s to co-found an advisory firm, KEEGROUP Sdn. Bhd., which focuses on property development, retail, education, and more recently, environmental and cultural matters.

Her past notable projects include her appointment as Director, Business Development of CITTA Mall, Ara Damansara; as alternate Director on the Board of SEG International Berhad and as Special Projects Director of PRIME College, all of which she was actively involved in.

Since 2017, she has been an active advisor of Roots & Shoots Malaysia, a global youth movement, which successfully launched in 2019, its inaugural Roots and Shoots Malaysia Award, a first of its kind Award to celebrate youth voluntarism.

She does not have family relationship with any Director and/or major shareholder of the Company. She does not have personal interest in any business arrangement involving the Company.

Additional Information:

1. *None of the Directors:*
   - *(i) has been convicted of any offence within the past 5 years.*
   - *(ii) was publicly sanctioned or imposed with penalty by the relevant regulatory bodies during the FYE 31 December 2018, except for Yeoh Jin Hoe. On 10 December 2018, Yeoh Jin Hoe, among others (collectively, "Parties Acting In Concert"), was reprimanded by Securities Commission Malaysia ("SC") and imposed with the following sanctions:*
     - *(a) a penalty of RM480,000 for breach of Section 218(3) of the Capital Markets and Services Act 2007 ("CMSA") and Paragraph 9(1)(b) of the Malaysian Code on Take-overs and Mergers 2010 ("Take-Over Code").*
     - *(b) a penalty of RM455,000 for breach of Section 218(2) of the CMSA and Paragraph 9(1)(a) of the Take-Over Code together with a restriction on the aggregate number of voting rights that may be exercised by the Parties Acting In Concert in Kian Joo to not more than 33%. In addition, if the proposed corporate exercise for which consultation with the SC was held on 21 December 2017 is not carried out within 6 months from 10 December 2018, the Parties Acting Concert are required to reduce their collective holdings in Kian Joo to 33% and below.*
2. *Details of the Board attendance at Board meetings are set out in page 48 of this Annual Report.*

KEY SENIOR MANAGEMENT

OOI TEIK HUAT
Group Chief Financial Officer
Malaysian, Male, Aged 49

Ooi Teik Huat is a member of Malaysian Institute of Certified Public Accountant and Malaysian Institute of Accountant ("MIA"). He worked in an international accounting firm for more than 8 years before joining a subsidiary of Can-One Berhad Group as Finance Manager in 1995. He was appointed as Executive Director of Can-One Group in 2005 and left the position to assume the role of Group Chief Financial Officer of Kian Joo Group in July 2012.

TAN BEE KENG
Group Company Secretary
Malaysian, Female, Aged 59

Tan Bee Keng is an Associate of The Malaysian Institute of Chartered Secretaries and Administrators ("MAICSA"). She has extensive experience in company secretarial and corporate work. She has been the Company Secretary of the Group since July 2012 overseeing the Company Secretarial Department of the Group. She also serves as Company Secretary for several other public companies listed on the Main Market of Bursa Securities, which are principally involved in the manufacture and distribution of tin cans, dairy and non-dairy products, manufacture and trading of aluminium sheet and foil products, and distribution of fast consumer moving goods. Previously, she was the Manager - Group Secretarial of a management company serving a public listed group of companies.

BERNADETTE CHIN CHEEN CHOO
Director - Group Executive Management Office
Malaysian, Female, Aged 53

Bernadette is a qualified accountant and is a Fellow of the Association of Chartered Certified Accountants. She gained her exposure working in international accounting firms for more than 20 years before joining a commercial organisation in 2007. She joined the Group in 2015 as Head of Internal Audit and was transferred to the Executive Office as Executive Assistant in 2016. She was promoted to her current role in 2017.

ANG KOK KUN
General Manager - Tin Cans Division, Batu Caves
Malaysian, Male, Aged 48

Ang Kok Kun obtained his Degree in Mechanical & Manufacturing from Tunku Abdul Rahman College before he joined the operations team of Group in 1995 as an Executive. He was promoted to his current position on 1 January 2017.

LEONG SHEONG LOK
General Manager - Tin Cans Division, Shah Alam
Malaysian, Male, Aged 49

Leong Sheong Lok holds a Bachelor Degree in Mechanical Engineering from Universiti Kebangsaan Malaysia. He joined the Group as plant manager in 1997 and was promoted to the current position on 1 January 2017.

KEY SENIOR MANAGEMENT

TAN KIM WENG
General Manager - Tin Cans Division, Johor
Malaysian, Male, Aged 43

Tan Kim Weng obtained his Bachelor of Business Administration degree from University of Ottawa, USA. He has more than 11 years of working experience in the tin cans industry. He worked in Japan for 3 years before joining the Group as Sales Executive in 2006. He was promoted to the position of General Manager on 1 January 2017.

HOH WEE SANG
General Director - Tin Cans Division, Vietnam
Malaysian, Male, Aged 52

Hoh Wee Sang holds a Bachelor Degree from Thung Hai University, Taiwan. He joined the Group in 1995 as industrial engineer and was seconded to the Group's Vietnam operations in 2002. He was promoted to his current position on 1 January 2016.

FOO MUN CHOONG
General Manager - Sales, Tin Cans Division
Malaysian, Male, Aged 47

Foo Mun Choong holds a Master in Business Administration from the University of Wales, Newport and Asia e-University. He joined the Group since 1993 and served in a few positions in the operations team before he was transferred to the sales and marketing department. He was promoted to head the sales and marketing department of the Group in 2012 and was promoted to his current position on 1 January 2017.

YEW LI LIAN
General Manager - Sales, Aluminium Cans Division
Malaysian, Female, Aged 54

Yew Li Lian holds a Master of Business Administration from University Royal Melbourne Institute of Technology, Australia. She joined the Group in 1998 and served in several capacities before she was transferred to the Sales Department. She was promoted to her current position on 1 January 2017.

LIM KIM HONG
General Manager - Aluminium Cans Division, Myanmar
Malaysian, Male, Aged 58

Lim Kim Hong has more than 37 years of working experience in the Group having joined the Group in 1980. He has extensive experience in the operations of aluminium cans factory, having served in various roles within the division. He was promoted to his current position on 1 January 2017 to set up the aluminium cans facility in Myanmar in 2018.

KEY SENIOR MANAGEMENT

LE SEE LI
General Manager - Aluminium Cans Division, Nilai
Malaysian, Male, Aged 55

Le See Li holds a Diploma in Technology in Mechanical and Automative Engineering from Tunku Abdul Rahman College. He was awarded a Master in Business Administration from Southern Cross University, New South Wales, Australia in 2005. He joined the Group's tin cans division in 1998 and was transferred to the aluminium cans division in 2007. He was promoted to his current position on 1 January 2017.

CHAN HUAN CHEONG
General Director - Cartons Division, Vietnam
Malaysian, Male, Aged 77

Chan Huan Cheong graduated from Han Chiang High School and started his career in 1963, when he started to work in corrugated carton industry. He gained his technical knowledge in Japan and Europe through his various engagements with the carton manufacturers. He joined the Group's operations in Vietnam in 2004 and was promoted to his current position in 2014.

HO YIK KIT
General Manager - Cartons Division, Batu Caves
Malaysian, Male, Aged 55

Ho Yik Kit holds a Degree in Bachelor of Economics (Accounting) degree from Monash University and is a member of the MIA. He started his career with 1 of the international accounting firms and served in various senior management roles in local conglomerates for more than 13 years (including stint in Thailand) before he joined the Group in 2016.

CHONG PHENG SEONG
General Manager - Cartons Division, Johor
Malaysian, Male, Aged 44

Chong Pheng Seong started his career after leaving high school. He joined the carton industry in 2000 and has experience working in Vietnam for 12 years. He joined the Group in March 2016 in the capacity of General Manager.

KEY SENIOR MANAGEMENT

ONG KEAN KENG
General Manager - Contract Manufacturing Division, Nilai
Malaysian, Male, Aged 48

Ong Kean Keng holds Bachelor of Science degree from University of Malaya and Master of Business Administration from University of South Australia. He has 21 years of working experience in various industries. He joined the Group in 2000 and was promoted to the current position on 1 January 2017.

QUEK KHEH MENG
General Manager - Contract Manufacturing Division, Shah Alam
Malaysian, Male, Aged 45

Quek Kheh Meng holds a Bachelor of Business Adminstration (Honours) degree from Coventry University, UK in 1998. He joined the Group as Sales Executive in tin cans division after graduation and was transferred to head the contract manufacturing division in 2012. He was promoted to his current position on 1 January 2017.

CHEW HOCK SAN
General Manager - Myanmar
Malaysian, Male, Aged 54

Chew Hock San holds a Bachelor of Science with Education (Honours) degree majoring in Chemistry from Universiti Putra Malaysia (formerly known as Universiti Pertanian Malaysia). He worked in various capacity since he joined the Group as Operations Manager in 2001. He was promoted to his current role in 2018.

Additional information:

1. *None of the Key Senior Management staff holds directorship in public companies and listed issuers.*
2. *None of the Key Senior Management staff has family relationship with any Director and/or major shareholder of the Company.*
3. *None of the Key Senior Management staff has any conflict of interest with the Company.*
4. *None of the Key Senior Management staff has been convicted for offences within the past 5 years or was publicly sanctioned or imposed with penalty by the relevant regulatory bodies during the FYE 2018.*

SUSTAINABILITY STATEMENT

ABOUT THIS REPORT

Kian Joo Can Factory Berhad ("Kian Joo" or "the Company") and its subsidiaries ("Kian Joo Group" or "the Group") presents its second Sustainability Statement published in accordance with Bursa Malaysia Securities Berhad's Main Market Listing Requirements ("MMLR").

This is the second detailed sustainability statement in the form of a Sustainability Statement for the financial year ended 31 December 2018 ("FYE 2018").

The Group continues to conduct its business activities in a responsible and ethical manner by embedding sustainability practices in our business activities to ensure long-term growth and profitability of the Group.

This Sustainability Statement is focused on the Malaysian operations of Kian Joo Group. The Group's operation in Vietnam and Myanmar are not included for 2018.

This Sustainability Statement includes the Company's business divisions in Malaysia which are:

a. Tin cans division
b. Aluminium cans division
c. Contract manufacturing division
d. Cartons division

This Sustainability Statement attempts to present our focus areas, policies and procedure and efforts made in the FYE 2018.

The information and data of the Group are derived from our internal reporting systems and operation records of the FYE 2018 and financial year ended 31 December 2017 ("FYE 2017"). Comparatives are made between the years to reflect the level of sustainability efforts.

SUSTAINABILITY EFFORTS IN 2018

A growing focus on environmental, social and economic issues have shaped our approach to sustainability as they have impact on our business. The Group recognised that sustainability can only be achieved when we all play our role in it.

CORE VALUES

The Group has made sustainability part of the core values of the organisation. This was formalised in December 2018.

ENVIRONMENTAL SUSTAINABILITY

- Environmental, Safety and Health compliance
- Water consumption
- Wastewater treatment
- Electricity consumption
- Energy and Carbon Emission
- Waste disposal

SOCIAL SUSTAINABILITY

- Our people
- Human Rights and labour practices
- Diversity and fair treatment
- Employees' profile
- Business ethics
- Employee engagement
- Safety at workplace
- Employees' Training and development
- Community engagement

ECONOMIC SUSTAINABILITY

- Procurement practices
- Smart manufacturing

SUSTAINABILITY STATEMENT

PLASTIC USAGE REDUCTION PROGRAM

In order to enhance and support our efforts towards sustainability, the Group has implemented another step which is remove the use of straws in all of our canteens with effect from October 2018. This is aligned to our Government's effort to reduce plastic pollution.

The Group will work towards reducing the consumption of plastic water bottles in all our training and meeting rooms through the installation of water dispensers from 2019 onwards.

SUSTAINABLE RAW MATERIAL

The Group converted the use of tin coated to zinc coated Easy Opening End ("EOE") tab which has better rust resistance and less corrosion. By converting to zinc coated EOE tab, the Group was also able to save material cost in 2018.

SUSTAINABLE WATER AND ENERGY INITIATIVES

As part of our responsibility to reduce carbon emission, the Group converted our factories' lighting system to Light-emitting diodes ("LED") or T5 lighting which reduces our electricity consumption and indirectly, reduces carbon emission as well. Our Nilai operation implemented a water harvesting system. Our pasteurizer is also equipped with water recycling system where water will be reused within the system instead of discharging it to the drain. These measures will help alleviate the need to consume more and more water as the operations grow.

The Group will convert all gas operated forklifts to electric battery-operated forklifts in all the plants in the coming years upon the conclusion of various contracts. Battery operated forklifts use cleaner energy source and produce less toxic materials. This in turn, will ensure our factories move towards a more sustainable operation.

EMPLOYEES' RIGHT TO SPEAK

In October 2018, the Group adopted another measure to address employees concerns by placing a grievance or complaint box in all of our canteens for employees to deposit their complaints, if any. The complaints are then recorded and remedial action taken to ensure employees receive prompt responses to the issues that concern them.

ANTI-CORRUPTION

The Group will implement the requirements under the new Malaysian Anti-Corruption Commission (Amendment) Act 2018 ("MACCA 2018") in the coming year. A new policy, structure and procedure will be established for the Group to ensure that we adopt the Anti-Corruption standard and permeate this throughout the organisation.

ENVIRONMENTAL SUSTAINABILITY

ENVIRONMENTAL, SAFETY AND HEALTH COMPLIANCE

The Group's Environment, Health and Safety ("EHS") management system are ISO 14001 and OHSAS 18001 certified, both of which are internationally recognised standards for Environmental Management System ("EMS") and Occupational Health and Safety Assessment Series ("OHSAS") Management System. These standards provide us with guidance to improve and manage our environment, health and safety performance through efficient use of resources, minimising of waste generation and reduction in the number of accidents.

ISO 14001:2015 and OHSAS Awareness Training were conducted for our employees on the benefits of implementing an effective EHS management system with the right standards and regulations.

In the first quarter of 2018, our Nilai and Batu Caves operations have successfully upgraded to ISO 14001:2015 EMS. This helps us enhance our environmental performance, fulfilment of respective compliances and achievement of our environmental objectives.

The Group is also certified with the Food Safety System Certification ("FSSC") 22000:2011 and implemented the Hazard Analysis and Critical Control Point ("HACCP") program which provides a framework to manage our food safety responsibilities effectively.

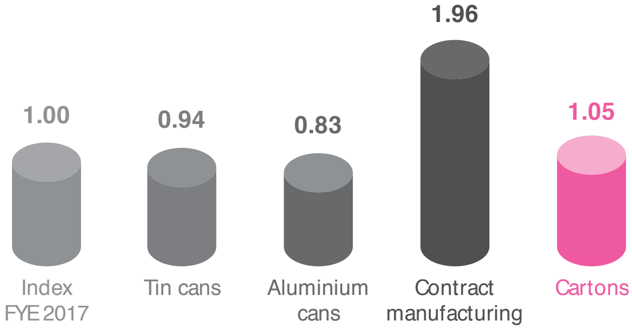
SUSTAINABILITY STATEMENT

In terms of quality, all our subsidiaries are ISO9001:2015 (Quality Management System) certified. This highlights our commitment for continuous improvement and making sure our customers benefit from the high-quality products produced. The Group is looking to upgrade our certification to ISO9001:2015 and OHSAS 45001 which are at varying stages of the certification process in all our factories.

WATER CONSUMPTION

As a manufacturer, the Group relies on and requires large quantities of water to operate. Water is used for the cooling of our machineries, in the manufacturing process, for the cleaning of our facilities and equipment and the provision of a sanitised work environment for our employees. We recognise our duty to manage water consumption in our business operations to ensure that this precious resource is not wasted unnecessarily.

Water Consumption FYE 2018



To reach our long-term goals in responsible water management, we actively educate our employees on effective water management and recycling water wherever possible.

The Group continues to explore various options for more efficient use of our water resources.

Based on the chart above, water usage in the Contract manufacturing division increased sharply because a new Polyethylene Terephthalate ("PET") line was added in 2018 together with the RO water treatment facilities which performed higher than normal flushing. These additional activities generated a higher water consumption in the FYE 2018. The Tin cans and Aluminium cans divisions showed better efficiency in managing and reducing their water consumption in FYE 2018 and there was minimal increase of water usage in the Cartons division.

WASTEWATER TREATMENT

The Group produces wastewater from its business activities and we recognise it has a direct impact on the natural environment into which it is discharged, whether it is treated or not. We recognise our duty to ensure all used water from our operations are treated before it is discharged.

Our Industrial Effluent Treatment System is managed by employees who are certified by the Department of Environment ("DOE"). Their responsibilities include ensuring that all excess water from our operations remain clean and safe before it is discharged into the natural environment.

Our operations in Nilai, Batu Caves and Senai have in place, properly managed water treatment plants. We have 2 types of wastewater treatment techniques: a physical chemical process and a biological process. We use a physical chemical process in treating our wastewater for our Tin cans, Aluminium cans and Cartons divisions.

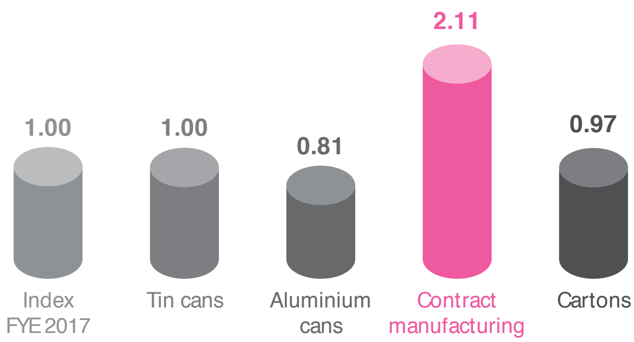
ELECTRICITY CONSUMPTION

Electricity is another resource that the Group uses extensively in its business operations. Our Tin cans and Aluminium cans divisions use energy to convert tin and aluminium from its raw material form into manufactured products. These manufacturing processes use electricity for coil shearing, internal and external coating, curing, drying and cans forming processes. Meanwhile, our Cartons division uses energy to convert paper rolls into corrugated cartons.

The Group also uses electricity for other processes which includes the application of decorative designs, paints, inks, varnishes and coatings on our products.

SUSTAINABILITY STATEMENT

Electricity Consumption FYE 2018



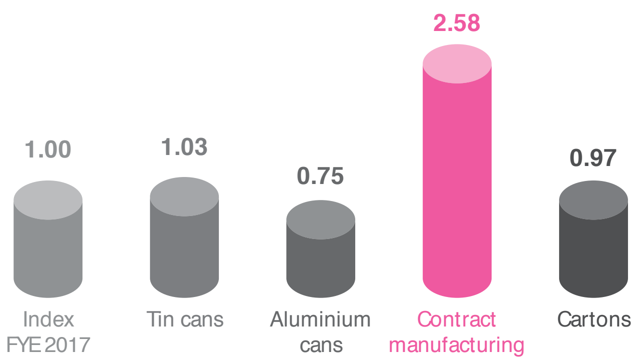
Through ISO 14001:2015 EMS certification, we are committed towards optimising our electricity consumption and the protection of the environment. The Group is working with vendors to look at optimising our electricity consumption further.

Based on the chart above, the Group showed a reduction in electricity usage due to better management. However, the introduction of a new PET line in FYE 2018 including the delayed maintenance and overhaul for some key machineries caused higher energy consumption in the Contract manufacturing division.

ENERGY AND CARBON EMISSION

In an era of rising global temperatures cause by the effect in increased carbon emissions, we recognise our duty and responsibilities to minimise our carbon footprint across our value chain. From manufacturing to the packaging process, we are constantly finding ways to reduce and optimize our energy usage further.

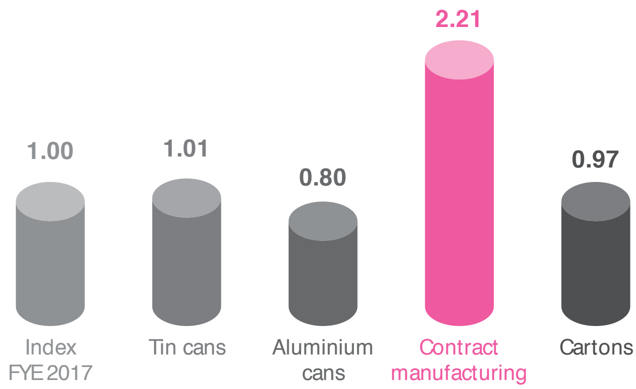
Natural Gas Consumption FYE 2018



Our reporting on energy consumption consists of electricity and natural gas usage of the Group that has been calculated from Group's electricity and gas bills. Electricity and natural gas used by our production lines were used for reporting.

Our CO2 emission from the consumption of electricity was derived using the emission factor published by the Malaysian Green Technology Corporation for the Peninsular Grid, while the CO2 emission from the use of natural gas was derived from the emission factor published by the IPCC Guidelines for National Greenhouse Gas Inventories.

CO2 Emission FYE 2018



Based on the chart above, the Group was able to reduce and maintain consistency in natural gas consumption and CO2 emission. However, the new PET line in Contract manufacturing division requires steam as part of the blowing process which led to the increase in the natural gas consumption and CO2 emission in FYE 2018.

WASTE DISPOSAL

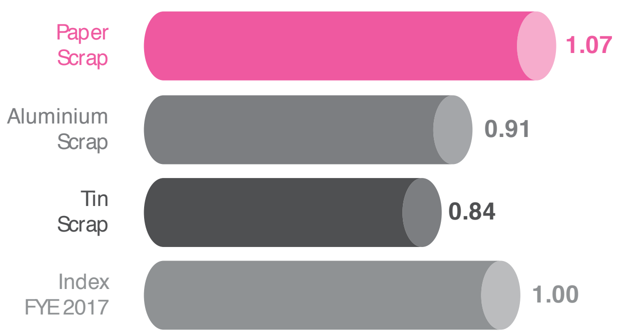
The Group is in the manufacturing industry and we recognise our business activities will create by-products, some of which will end up as waste. The method in which waste disposal is managed in our operations and across the life cycle of our products carries an impact on the cost of goods sold. Waste generation is directly related to the amount of material used. As such, the Group works towards minimising waste by practicing 3Rs i.e, Reduce, Reuse and Recycle as much as possible.

The Group generated 2 types of wastes: solid and scheduled wastes. Currently, paper, tin and aluminium scraps are the key solid wastes generated by the Group.

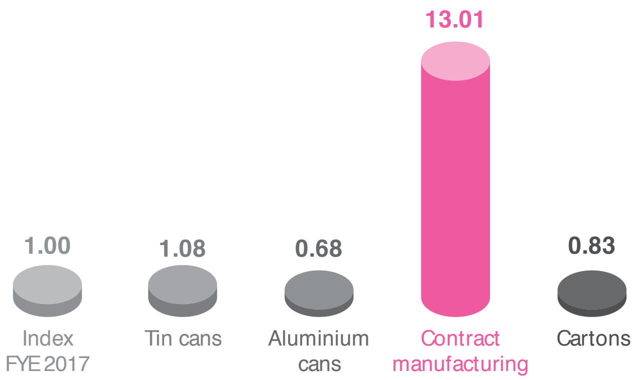
The tin and aluminium scraps generated showed a reduction due to efficiency in productivity. The paper scrap generated in FYE 2018 showed an increase which was in line with the increase in production volume in the Cartons division.

SUSTAINABILITY STATEMENT

Solid Waste Generation FYE 2018



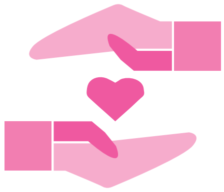
Scheduled Waste Generation FYE 2018



A total of 23 types of scheduled wastes were produced by the Group in FYE 2018. Our wastes are disposed to licensed collectors to ensure our waste undergoes proper disposal and appropriate recycling processes. As part of our compliance with the DOE, all our disposals of scheduled wastes are recorded and submitted to the DOE through the Electronic Scheduled Waste Information System.

We are working at improving our planning capabilities as well as increasing the skillsets of our machine operators to reduce unnecessary wastes generated.

Based on the graph above, the Aluminium cans and Cartons divisions showed better efficiency in managing and reducing their scheduled waste generation in FYE 2018. However, there was a marginal increase in the Tin cans division. Scheduled waste generated in the Contract manufacturing division had increased sharply in FYE 2018 due to the installation of the PET line which included the trial processes of product qualification and validation.



SOCIAL SUSTAINABILITY

OUR PEOPLE

Our employees are at the core of everything that we do. We value our people and know that they are vital to our business. They are key to sustaining a growing business particularly, in providing excellent customer service and delivering consistent quality products to our customers. Providing our employees with good working conditions, benefits, keeping our people safe, healthy and closely engaged are of utmost importance to us.

The Group believes that investments made in our people will sustain the business for the foreseeable future. Our goal is to be an employer of choice by attracting the appropriate talents and retaining them.

We have periodically reviewed our employees' benefits to ensure that appropriate measures are taken to meet their needs. We provide hostels, in-house clinic, prayer rooms, ATM machines, transportations, workplace canteens, water dispensers, lockers and car parks for our employees in all our factories.

In this section:

- Human Rights and Labour Practices
- Diversity and Fair Treatment
- Employees' Profile
- Business Ethics
- Employees' Engagement
- Safety at Workplace
- Community Engagement

SUSTAINABILITY STATEMENT

HUMAN RIGHTS AND LABOUR PRACTICES

The Group enforces a strong code of conduct with ethical integrity as its centerpiece in our business operations. We ensure basic human rights are upheld for our employees in accordance with the Malaysia Employment Act 1955 and any other related law and regulations.

As a good corporate citizen, the Group offers a respectful working place, free from harassment, violence, discrimination and other inappropriate behavior, conduct and actions.

The Group supports, among others, the freedom of association which outlines our employees' right to form and join unions or representative organisations of their own choosing.

Any form of harassment, child labour and forced labour is prohibited, and these principles are included in both our Employees and Suppliers Code of Conduct.

DIVERSITY AND FAIR TREATMENT

With 15 manufacturing facilities and approximately 3,200 employees in Malaysia, our organisation comprises a diverse ecosystem with employees of varying ethnicity. We recognise the benefits of diversity and welcome its positive impact in our organisations, work culture and business performance.

As an equal opportunity employer, the Group seeks to provide equal opportunities to all Malaysians regardless of age, gender, race, ethnicity, religion and disability.

At present, a significant majority of our foreign workers originate from Nepal, Myanmar and Bangladesh.

The Group also has a large pool of long serving employees who have served for more than 15 years. In addition, we have employees with physical disabilities which we utilise optimally by assigning tasks suitable to their abilities.

70%

LOCAL EMPLOYEES

Shows the Group's priority is to hire local talent first.

7 pax

DISABLED EMPLOYEES

Indicates the Group does not discriminate workers based on disability.

17%

LONG SERVING EMPLOYEES

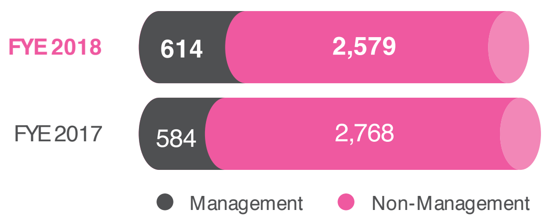
Shows our people's choice of workplace.

EMPLOYEES' PROFILE

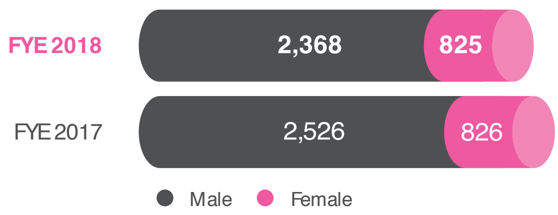
The Group's workforce is diverse in race, ethnicity, gender and age and also encompasses broad varieties of perspectives, background and experience.

We believe in working together through common values and mutual respect between our employees, leading to superior performance and constant innovation.

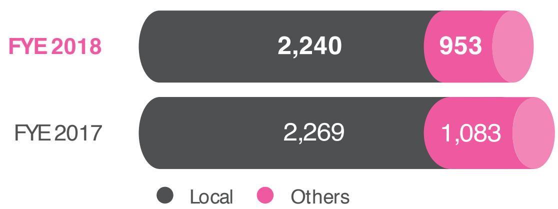
Employees by Type



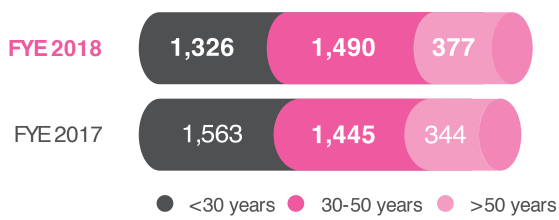
Employees by Gender



Employees by Nationality



Employees by Age Group



SUSTAINABILITY STATEMENT

BUSINESS ETHICS

The Group believes in having an ethically sound foundation as it helps create long-lasting positive effects for the organisation, including the attraction and retention of talented employees whilst maintaining a positive reputation within the business community.

We commit to a strong code of conduct and with ethical integrity at the core. We believe we have a duty to our employees, the suppliers we work with, the customers we serve and the communities we operate in.

Our Code of Conduct outlines the principles of our business and define who we are, how we work, and what we stand for. Our suppliers are required to follow a Supplier Code of Conduct and with it, we communicate our expectations of our suppliers to conduct themselves ethically when providing goods and services to our Group.

The Group enforces a whistleblowing policy with associated procedures to allow our employees and any external stakeholders to report cases of bribery and other activities breaching the law or our code of conduct. There is a proper grievance procedure in place to allow employees to report on matters requiring Management's attention.

EMPLOYEES' ENGAGEMENT

We commit ourselves to creating a conducive working environment for our employees that will keep them safe, healthy and engaged throughout their entire career with the Group. Listening and placing significant value on our employees' feedback and opinion is an expectation and responsibility for all management staff in leadership positions.

Through the most recent Employee Engagement Survey, we have reviewed the feedback and comments of our employees. The Human Resource Department is coordinating the various actions to address 4 key areas for further improvement. They are:

a) Teamwork
b) Performance culture
c) Reward and recognition
d) Training and development

Bridging the Gap

The Group continues to organise various employee events ranging from festival celebrations to recreational activities to foster team work, cohesiveness and engagement within our workforce.

Festival Celebration

Traditions are important to the Group as we are families in the workplace. We celebrate most of our Malaysian festivals celebration which includes Chinese New Year ("CNY"), Hungry Ghost Festival, Hari Raya, Deepavali and Christmas. These celebrations are organised in the factories.

Employees' Celebration

Employees' celebration ranges from birthday parties to retirement ceremonies. The Group conducts monthly birthday celebrations. It is a platform to create unity amongst our employees.

SUSTAINABILITY STATEMENT

CNY Appreciation Annual Dinner

CNY celebration will not be complete without a get-together reunion meal. In Kian Joo, it is a tradition for the Group to organise a CNY Appreciation Annual dinner for the management staff annually.

That's Entertainment Musical Night

In the second quarter of 2018, the Group sponsored a Malaysian theatre event. About 200 employees were treated to a night of music in our Malaysia's premier institution for arts, the Kuala Lumpur Performing Arts Centre, in Sentul.

Townhall Meetings

The Cartons division rolled out Townhall Meetings in 2017 and 2018 which was the most suitable platform that allowed the factories' management staff and shop floor employees to communicate as they strive to bring improvements and changes into the work culture.

Top Performers Employees Recognition

In the second quarter of 2018, the Group held an employees' event to recognise the high achievers of 2017. 20 employees were recognised. The event was further enhanced with reward of our top performers with a plaque, certificate and a lunch treat.

Team Building with Emergency Response Team ("ERT")

In the fourth quarter of 2018, our ERT organised a team building program in Risda Eko Park, Slim River, Perak. The main objective of the program is to bridge the gap, develop knowledge and improve employees' skill on early response to incidents.

SUSTAINABILITY STATEMENT

EMPLOYEES' HEALTH AND WELLNESS

Our commitment to our people include their health and wellness. We aim to build a work culture that embraces health and wellness. The Group regularly organises activities and programs to benefit our employees in this area.

Go Active, Get Rewards!

We encourage our employees to look after their health and fitness in the workplace by promoting the usage of 'BookDoc Activ'. BookDoc Activ is a program that tracks the average number of steps taken by our employee daily whilst offering rewards to those who achieve monthly targets.

Health Screening

In the first quarter of 2018, the Group in collaboration with BookDoc organised a health screening exercise for our employees that checks cholesterol levels, blood pressure and diabetes to help identify health problems early.

Badminton Tournament

In 2018, our Sports Club organised an inter-company badminton tournament for Kian Joo and KJM Aluminium Can Sdn Bhd's employees. The main objective of the tournament was to promote health and wellness whilst, serving as a platform to build camaraderie among employees.

SAFETY AT WORKPLACE

Safety is a non-negotiable priority and a vital part of our work culture. As a manufacturer, we are committed to provide a safe and healthy work place for our people. The Group's occupational safety and health ("OSH") policy exists to provide clear guidance on the principles and values which we subscribe to. The Group has an existing Health and Safety policy and a formal Environment, Health and Safety Committee in every factory with the objective to ensure that all the necessary procedures, code of conduct and policies are effectively carried out to prevent and minimise workplace incidents and injuries to our employees.

We make continuous effort in trainings and briefings on matters related to Fire Safety, First Aid, Work at Heights and Fire Drill in order to promote a culture of safety first in our workplace. Safety inspections are carried out regularly to identify areas of risks and immediate corrective actions are taken to address any shortcoming. Safety inspections are carried out regularly to identify areas of risks and immediate corrective actions are taken to address identified issues.

Workplace Safety Programs

Fire Safety and Fire Drill Awareness

In 2018, Fire Safety Demonstration and Drills were conducted by the Group with the objective of creating greater awareness amongst our people. The Group conducts fire drills on a yearly basis to ensure that our people are educated and knowledgeable in fire prevention matters.

World OSH Day 2018: Mega OSH Toolbox

In 2018, the Group participated in World OSH Day 2018: Mega OSH Toolbox programs where employees across Malaysia held a safety toolbox simultaneously at their respective workplaces and were recorded in the Malaysia Book of Records. The event saw 96 Kian Joo employees' participation and safety awards distributed.

SUSTAINABILITY STATEMENT

Systematic Occupational Health Enhancement Level Programme ("SOHELP")

Our Batu Caves operations in collaboration with the Selangor Department of Occupational Safety and Health implemented SOHELP to boost our occupational health standard in the workplace related to chemical management, ergonomics issues and hearing conversion. In FYE 2018, we achieved the highest level of overall achievement in SOHELP programs which demonstrated that we have implemented more than 50% of the recommended actions.

Workplace Accident Free Week 2018

In 2018, the Group participated in the Workplace Accident Free Week Program 2018 with the objective of reducing accidents and fatality rates in our workplace. Various safety programs were conducted for our employees which included Safety Briefing, Safety Inspection, Introduction to Environmental Management System MS ISO 14001:2015 Training and 5S Programs.

SUSTAINABILITY STATEMENT

The Group continues to track and report 2 metrics on worker safety which are Total Recordable Incident and Lost Time Injury. Total Recordable Incident includes major incidents, minor incidents and fatalities which result in lost workdays.

Tin Cans Division

Total Recordable Incident of Tin Cans division increased by 41% and 22% of Lost Time Injury in FYE 2018 due to numerous incidences of employee's negligence and lack of knowledge of workplace safety.

Total Recordable Incident Cases

Lost Time Injury

Aluminium Cans Division

This division was able to reduce its Total Recordable Incident by 12% and 43% of Lost Time Injury in FYE 2018 due to constant monitoring by the Safety, Health and Environment ("SHE") Department.

Total Recordable Incident Cases

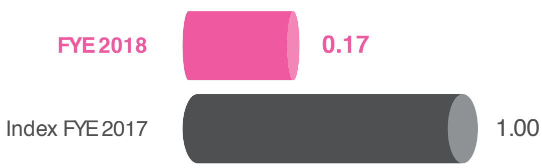
Lost Time Injury

Contract Manufacturing Division

Contract Manufacturing division successfully reduced its Total Recordable Incident cases by 33% and 83% of Lost Time Injury in FYE 2018 due to stricter monitoring by the SHE Department.

Total Recordable Incident Cases

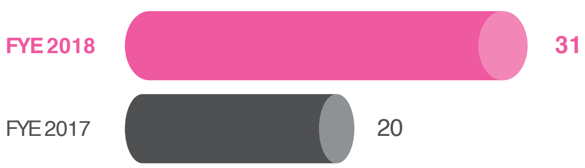
Lost Time Injury



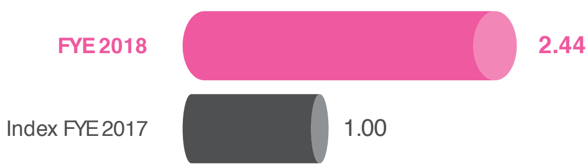
Cartons Division

Total Recordable Incident and Lost Time Injury of the Cartons division increased sharply in FYE 2018. This was attributable to the new foreign worker workforce and their discipline to adhere to work safety rules.

Total Recordable Incident Cases



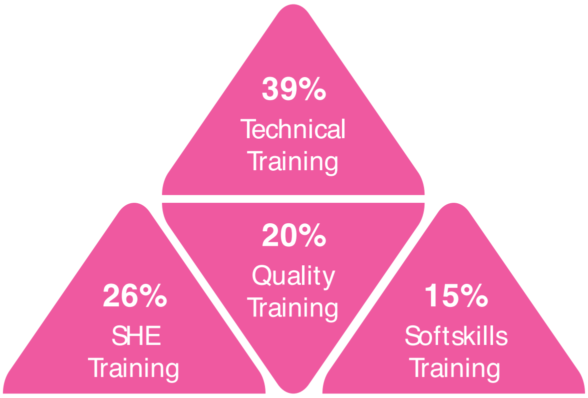
Lost Time Injury



SUSTAINABILITY STATEMENT

EMPLOYEES' TRAINING AND DEVELOPMENT

Developing and retaining our skilled workforce is 1 of our key priorities. We recognise, with consistent and regular training and development, it will motivate and increase the personal job satisfaction of our workforce. Thus, numerous training and development programs were conducted, which target our operational employees and management teams. We endeavor to increase organisational productivity and skillsets across structure and functions.



Technical Training

1 of the Group's most extensive trainings in FYE 2018 is technical training programs. A total of 188 technical training programs were conducted for 760 persons.

Quality Training

Quality training which included Internal Audit of ISO 9001:2015, FSSC 22000 Awareness training and Implementation training of MS 1480 HACCP were among the quality training programs that were conducted by the Group in FYE 2018.

SHE Training

There were 125 SHE training sessions organised by the Group ranging from briefing, awareness and certification of SHE and EMS System.

Softskills Training

Soft skills trainings were conducted by the Group for both management and non-management staff with the aim of developing and improving leadership, teamwork, critical thinking and communication skills of our people. 69 soft skills training programs were organised for 297 persons in FYE 2018.

Our training programs are constantly revised and improved based on changing business needs of our people. Our employees' training and development programs were delivered by internal and external providers. In FYE 2018, the Group spent approximately RM800,000 in employee training programs.

In FYE 2018, the Group organised and provided a total of 476 training programs to 54% of our employees with a total of 5,374 training hours.

Training

Average training hours per person in FYE 2018:		
i.	Tin Cans Division	2.92
ii.	Aluminium Cans Division	2.38
iii.	Contract Manufacturing Division	5.58
iv.	Cartons Division	3.96
Total spent on Training and Development for FYE 2018 (RM)		800,000

SUSTAINABILITY STATEMENT

COMMUNITY ENGAGEMENT

The Group is committed to continuously support the community where needed. We recognise that the relationship and trust built with our community help create a positive image and attract the right talent.

Blood Donation

The Group conducts blood donation drive annually. Our SHE Team collaborates with Pusat Darah Negara. Employees are strongly encouraged to play their part to save lives.

Factory Tour

Factory tours provide an opportunity for students to visit our factories and learn more about the manufacturing processes. In the first quarter of 2018, a total of 60 students from Institut Kemahiran Tinggi Belia Negara ("IKBN") Dusun Tua toured our Batu Caves operations to learn about can forming and carton corrugation processes.

Provision of Internship

The Group regards internship programs as being significant to develop and provide job opportunities. In FYE 2018, the Group had 115 students from various universities and colleges in Malaysia undergoing their industrial training in our Group. The interns were assigned to various departments based on their field of studies.

SUSTAINABILITY STATEMENT

ECONOMIC SUSTAINABILITY

PROCUREMENT PRACTICES

The Group defined sustainable procurement as an essential step for us to meet our customers' expectation by procuring goods and services in a cost effective, responsible and sustainable manner.

Doing business ethically and in compliance with the law is our foundation and guides us in our business dealings to ensure continuous success to become a top-performing regional manufacturer. Our ability to sustain growth and profitability in our business depends on the following:

a) Producing quality products at reasonable prices;
b) Having a portfolio of good solid customers that believes in strong collaborations; and
c) Having a pool of strong and reliable suppliers who are both ethical and supportive.

i- SUPPLIER STANDARD AND POLICY

Since 2017 we have established a Procurement Policy and Supplier Code of Conduct which sets the standard we expect from our suppliers in relation to environmental, social and economic sustainability efforts.

Our Supplier Code of Conduct outlines the non-negotiable minimum standards that we seek from our suppliers when conducting business with the Group. Our Supplier Code of Conduct includes a list of requirements in the area of human rights, labour practices, social impact and environmental practices.

We have put in place a process to ensure all our suppliers received, read and signed a copy of the Group's Supplier Code of Conduct document that will hold them accountable during the course of doing business with us.

The Group also focuses in creating responsible and robust value chains. Our Procurement Policy reflects our commitment towards sustainable and ethically procurement practices across our supply chain. These are only the first steps in strengthening our efforts towards a more comprehensive framework in the future.

ii- SUPPLIER MONITORING AND AUDITS

To ensure suppliers meet our standards, we conduct audits on our suppliers to ensure sustainable sourcing of materials and compliance with safety, labour and environmental standards and regulations. Non-compliance and underperforming suppliers are required to demonstrate their commitment to take the necessary corrective actions.

The Group has made improvements to the current Supplier Audit checklists to assist our personnel when they conduct the audits. Periodic reviews will be carried out to gauge the quality of Suppliers Audits conducted. Our employees are trained to conduct the supplier audits competently.

SMART MANUFACTURING

The Group recognises that Smart Manufacturing or otherwise known as Industry 4.0 is a set of technologies that allow the collection and analysing of data across the manufacturing shop floor which would lead to faster and more accurate decision making. Smart Manufacturing will increase the flexibility of processes and make the manufacturing process more agile to meet the ever-changing requirements of our customers and where competitors are increasingly more cost efficient and where cost of raw materials, labour and energy continue to rise year after year. The newer technologies available today will allow the manufacturing process to be more intelligent through the judicious use of IoT enabled hardware and software combined. The Group recognises that in order to stay competitive and sustain the end to end manufacturing business into the foreseeable future, Smart Manufacturing is the way forward.

The Group has begun this journey through a series of educational awareness programs for the senior managers of the manufacturing facilities. The Group has a core team that coordinates and manages the various exploratory activities, including identification of pilot projects, partnering the appropriate vendors, hiring the right talent, upskilling current employees and having competent project managers to execute.

The Group continues to collaborate with several institutions, Government agencies as well as vendor partners as we seek the most appropriate solutions for our manufacturing facilities.

The Group's Smart Manufacturing roadmap will be reviewed from time to time as projects are implemented and results monitored. The Group believes it can deploy the necessary smart manufacturing technologies that will enable the business to be sustainable throughout.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors of the Company ("the Board") is fully committed to the principles and recommendations of the Malaysian Code on Corporate Governance. This ensures that the best practices of corporate governance including accountability and transparency are adhered to within the Company to achieve long term financial performance and growth as the Board is mindful of its accountability to the shareholders and various stakeholders of the Company.

The Board is pleased to report to the shareholders, the Company's application of the 3 key principles of the MCCG during the financial year ended 31 December 2018 ("FYE 2018"):

(a) Board leadership and effectiveness;
(b) Effective audit and risk management; and
(c) Integrity in corporate reporting and meaningful relationship with stakeholders.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

Roles and Responsibilities of the Board

The Board's main roles are to create value for shareholders and provide leadership to the Group. It is primarily responsible for the Group's overall strategic plans and directions, overseeing the conduct of the businesses, risk management, succession planning of Senior Management, implementing investor relations programmes and ensuring the system of internal controls and management information system are adequate and effective.

The Board provides overall strategic guidance, effective oversight on the governance and management of the business affairs of the Group. Responsibilities of the Board include:

(i) Ensuring that the Group's goals are clearly established, the necessary resources are in place for the Group to meet its objectives and that a strategic plan, which promotes long-term value creation and includes strategies on economic, environmental, safety and health, social and governance consideration underpinning sustainability, are in place to achieve them;

(ii) Establishing policies for strengthening the performance of the Group including ensuring that management is proactively seeking to build the business through innovation initiative, technology, new products and the development of its business capital;

(iii) Overseeing the conduct of the Group's business to evaluate whether the business is being properly managed. This includes ensuring the solvency of the Group and the ability of the Group to meet its contractual obligations and to safeguard its assets;

(iv) Appointing the Managing Director/Executive Director, including setting the relevant terms and objectives and where necessary, terminating his employment with the Group;

(v) Ensuring that the Group has appropriate business risk management framework and corporate governance framework, including adequate control environment be it the internal control systems and management information systems, systems for compliance with applicable laws, regulations, rules, directives and guidelines and controls in areas of significant financial and business risks;

(vi) Appointing board committee to address specific issues, considering recommendations of the various board committees and discussing problems and reservations arising from these committees' deliberations and reports;

(vii) Ensuring that the statutory financial statements of the Company and Group are fairly stated and otherwise conform with the relevant regulations including acceptable accounting policies that result in balanced and understandable financial statements;

(viii) Ensuring that there is in place an appropriate succession plan for members of the Board and Senior Management;

(ix) Ensuring that the Group adheres to high standards of ethics and corporate behaviour in accordance with the Group's Code of Corporate Conduct including transparency in the conduct of business. Directors are required to comply with the Directors' Code of Best Practice;

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (continued)

Roles and Responsibilities of the Board (continued)

(x) Reviewing the Board Charter periodically and making it available publicly on the Company's website including the Terms of Reference ("TOR") of the respective committee such as Audit and Risk Management Committee, Remuneration Committee, Nomination Committee and Sustainability Committee;

(xi) Ensuring that there is in place an appropriate corporate disclosure policy and procedure which leverage on information technology for effective dissemination of information to ensure comprehensive, accurate and timely disclosure; and

(xii) Ensuring that there is in place an appropriate investor relations and communications policy which encourages shareholders' participation at general meetings and promotes effective communication and proactive engagements with shareholders.

In discharging its duties, the Board is assisted by the Board Committees namely, the Executive Committee, Audit and Risk Management Committee, Remuneration Committee, Nomination Committee and Sustainability Committee. Each Committee operates within its respective defined TOR which have been approved by the Board. The TOR of the respective Board Committees are periodically reviewed and assessed to ensure that the TOR remain relevant and adequate in governing the functions and responsibilities of the Committee concerned and reflect the latest developments in the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities") and the MCCG.

A. EXECUTIVE COMMITTEE ("EXCO")

The EXCO which comprises the Group Managing Director ("MD"), President cum Chief Executive Officer ("President cum CEO") and the Group Chief Financial Officer, assumes some of the responsibilities and functions of the Board, oversees the running of the Group and the implementation of the Board's decisions and policies relating to operational, sales and marketing strategies, financial, risk management, internal controls, sustainability, human resources, compliance, credit control and legal issues.

B. AUDIT AND RISK MANAGEMENT COMMITTEE ("ARMC")

The Audit Committee was established in 1994 and was re-designated on 24 August 2017 to the ARMC. For details of its composition and activities during the FYE 2018, please refer to the ARMC Report on pages 51 to 52 of this Annual Report.

C. REMUNERATION COMMITTEE ("RC")

The RC was established since 2001 and currently comprises the following members, a majority of whom are Non-Executive Directors ("NEDs"):

Dato' Dr. Syed Hussain Bin Syed Husman, J.P. *(Chairman/Senior Independent NED)*
Kee E-Lene *(Member/Independent NED)*
Yeoh Jin Hoe *(Member/Group MD)*

The RC's primary responsibility is to structure and review the remuneration policies for key executives of the Group, with a view to ensure that compensation and other benefits encourage performance that enhances the Group's long-term profitability and value. The remuneration packages for Key Senior Management staff are subject to the approval of the Board, and in the case of Directors' fees and benefits, the approval of the shareholders at the Annual General Meeting ("AGM") of the Company.

In carrying out its duties and responsibilities, the RC has full, free and unrestricted access to the Company's records, properties and personnel.

During the FYE 2018, the RC convened 1 meeting and full attendances of the members were recorded at the meeting. The Directors' Remuneration Policy was recommended by the RC and approved by the Board for adoption on 23 November 2018.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (continued)

Roles and Responsibilities of the Board (continued)

C. REMUNERATION COMMITTEE ("RC") (CONTINUED)

The Company pays its Directors annual fees which are approved annually by the shareholders. The Directors are paid meeting allowances for the meetings they attended per day and are also reimbursed reasonable expenses incurred by them in the course of carrying out their duties on behalf of the Company. Where applicable, the Board also takes into consideration any relevant information provided by the independent consultants or from survey data.

The details of the aggregate remuneration of the Directors of the Company (comprising remuneration received and/or receivable from the Company and its subsidiaries) during the FYE 2018 are categorised as follows:

Group	Fees RM	Salaries RM	Bonuses RM	Statutory contributions [1] RM	Benefits [2] RM	Benefits-in-kind [3] RM	Total RM
Executive Directors:							
Yeoh Jin Hoe	155,000	2,651,290	1,090,000	448,955	101,000	28,000	4,474,245
Chee Khay Leong	144,000	1,775,484	570,000	281,459	101,000	35,200	2,907,143
	299,000	4,426,774	1,660,000	730,414	202,000	63,200	7,381,388
Non-Executive Directors:							
Dato' Mah Siew Kwok	148,000	-	-	-	67,500	-	215,500
Y.A.M. Tunku Zain Al-'Abidin Ibni Tuanku Muhriz	111,000	-	-	-	57,500	-	168,500
Dato' Dr. Syed Hussain Bin Syed Husman, J.P.	90,000	-	-	-	57,500	-	147,500
Rajaretnam Soloman Daniel	89,000	-	-	-	57,500	-	146,500
Lee Kean Teong	108,000	-	-	-	57,500	-	165,500
Kee E-Lene	89,000	-	-	-	57,500	-	146,500
	635,000	-	-	-	355,000	-	990,000
Total	**934,000**	**4,426,774**	**1,660,000**	**730,414**	**557,000**	**63,200**	**8,371,388**

Notes:

[1] *Statutory contributions comprised EPF and SOCSO.*
[2] *Benefits comprised meeting allowance and other allowances.*
[3] *Benefits-in-kind comprised provision of company motor vehicle, petrol allowance, insurance and phone bill.*

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (continued)

Roles and Responsibilities of the Board (continued)

C. REMUNERATION COMMITTEE ("RC") (continued)

The details of the aggregate remuneration of the Directors of the Company (comprising remuneration received and/or receivable from the Company and its subsidiaries) during the FYE 2018 are categorised as follows (continued):

Company	Fees RM	Salaries RM	Bonuses RM	Statutory contributions [1] RM	Benefits [2] RM	Benefits-in-kind [3] RM	Total RM
Executive Directors:							
Yeoh Jin Hoe	89,000	2,111,290	1,000,000	373,355	57,500	28,000	3,659,145
Chee Khay Leong	84,000	1,235,484	480,000	205,859	57,500	35,200	2,098,043
	173,000	3,346,774	1,480,000	579,214	115,000	63,200	5,757,188
Non-Executive Directors:							
Dato' Mah Siew Kwok	148,000	-	-	-	67,500	-	215,500
Y.A.M. Tunku Zain Al-'Abidin Ibni Tuanku Muhriz	111,000	-	-	-	57,500	-	168,500
Dato' Dr. Syed Hussain Bin Syed Husman, J.P.	90,000	-	-	-	57,500	-	147,500
Rajaretnam Soloman Daniel	89,000	-	-	-	57,500	-	146,500
Lee Kean Teong	108,000	-	-	-	57,500	-	165,500
Kee E-Lene	89,000	-	-	-	57,500	-	146,500
	635,000	-	-	-	355,000	-	990,000
Total	**808,000**	**3,346,774**	**1,480,000**	**579,214**	**470,000**	**63,200**	**6,747,188**

Notes:

[1] *Statutory contributions comprised EPF and SOCSO.*
[2] *Benefits comprised meeting allowance and other allowances.*
[3] *Benefits-in-kind comprised provision of company motor vehicle, petrol allowance, insurance and phone bill.*

In determining the remuneration packages of the Group's Key Senior Management staff, factors that were taken into consideration included their individual responsibilities, skills, expertise and contributions to the Group's performance and whether the remuneration packages are competitive and sufficient to ensure that the Group is able to attract and retain executive talents.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (continued)

Roles and Responsibilities of the Board (continued)

C. REMUNERATION COMMITTEE ("RC") (continued)

The details of the aggregate remuneration of the top 5 Senior Management staff of the Group (comprising remuneration received and/or receivable from the Company and its subsidiaries) during the FYE 2018 are categorised as follows:

	Company RM'000	Subsidiaries RM'000	Total RM'000
Salaries and bonuses [(1)]	1,541	1,879	3,420
Benefits [(2)]	8	8	16
Benefits-in-kind [(3)]	22	21	43
Total	**1,571**	**1,908**	**3,479**

Notes:

(1) *Statutory contributions comprised EPF and SOCSO.*
(2) *Benefits comprised meeting allowance and other allowances.*
(3) *Benefits-in-kind comprised provision of company motor vehicle, petrol allowance, insurance and phone bill.*

The Board has chosen to disclose the remuneration of the top 5 Senior Management staff in bands rather than named basis as the Board considers the information of these staff to be sensitive and proprietary. The Board is also of the view that it would not be in the interest of the Group to make such disclosure on a named basis because of the competitive nature of the human resource market and to support the Group's efforts to attract and retain executive talent.

The number of top 5 Senior Management staff whose total remuneration falls within the following bands are:

Remuneration Range	Number of Senior Management staff
Between RM350,001 – RM400,000	1
Between RM400,001 – RM450,000	1
Between RM500,001 – RM550,000	1
Between RM850,001 – RM900,000	1
Between RM1,200,001 – RM1,250,000	1

The TOR of the RC are available for reference at www.KJCF.net.

D. NOMINATION COMMITTEE ("NC")

The NC was set up on 26 February 2003 to formalise procedures for appointments to the Board and the Board Committees. All decisions on appointments are made by the Board after considering the recommendations of the NC.

The NC currently comprises the following members who are all Independent NEDs:

Dato' Mah Siew Kwok *(Chairman/Independent NED)*
Y.A.M. Tunku Zain Al-'Abidin Ibni Tuanku Muhriz *(Member/Independent NED)*
Rajaretnam Soloman Daniel *(Member/Independent NED)*

The NC's role is primarily to:

- identify, select and recommend to the Board, candidates for directorships of the Company;
- recommend to the Board, Directors to fill the seats on the Board Committees;
- evaluate the effectiveness of the Board and the Board Committees (including its size and composition), contributions and performance of each individual Director and the independence of the Independent Directors; and
- ensure an appropriate framework and plan for Board and Management succession for the Group.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (continued)

Roles and Responsibilities of the Board (continued)

D. NOMINATION COMMITTEE ("NC") (continued)

The NC convened 1 meeting for the FYE 2018 and full attendances of the members were recorded at the meeting.

A summary of the key activities undertaken by the NC in the discharge of its duties for the FYE 2018 is as follows:

(i) Recommended to the Board, the re-designation of Chief Operating Officer cum Executive Director, Chee Khay Leong as President cum CEO of the Company;

(ii) Assessed and reviewed the independence of the Independent Directors and their tenure of service as Independent Directors on the Company;

(iii) Evaluated each individual Director to assess the Director's calibre and ability to understand the requirements, risk and management of the Group's business; his contribution and performance; his character, integrity and professional conduct in dealing with conflict of interest situations; his ability to critically challenge and ask the right questions; his commitment and due diligence, his confidence to stand up for a point of view; his interaction at meetings and his training records for the current year under review;

(iv) Evaluated the Board and the Board Committees to assess their mix, composition, size, roles, responsibilities as well their activities, communications and effectiveness for the current year under review; and

(v) Discussed the gender diversity factor recommended in the MCCG.

The NC, after having conducted the above evaluation and assessment, concluded that:

(i) all the 6 Independent Directors of the Company continued to demonstrate conduct and behavior that were essential indicators of their independence, and that each of them continued to fulfill the definition and criteria of independence as set out in the MMLR of Bursa Securities.

(ii) each Director has the requisite competence, calibre to serve on the Board and the Board Committee(s) and had demonstrated his commitment to the Company in terms of time, participation and dialogue during the current year under review.

(iii) the Board and the Board Committees' compositions were adequate in number and there is a right mix of skills and knowledge on the Board as well as the Board Committees. Their respective responsibilities were well defined and set out in the Board Charter. The criteria in the MMLR that at least 1 of the members of the ARMC must be a member of the Malaysian Institute of Accountants or a person approved under the MMLR is met. The practices set out in the MCCG pertaining to the composition of the ARMC have also been adopted.

The Board members unanimously concurred with the above conclusions of the NC.

The TOR of the NC are available for reference at www.KJCF.net.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (continued)

Roles and Responsibilities of the Board (continued)

E. SUSTAINABILITY COMMITTEE

The Sustainability Committee was established on 24 August 2017 and currently comprises the following members:

Yeoh Jin Hoe *(Chairman/Group MD)*
Chee Khay Leong *(Member/President cum CEO)*
Rajaretnam Soloman Daniel *(Member/Independent NED)*

The objective of the Sustainability Committee is to:

- establish, monitor, manage and coordinate the sustainable development strategy of the Company;
- develop and increase stakeholder awareness of the need and benefit of sustainable behavior and initiate change and continuous improvements;
- identify and assess together with the line of management, the significant economic, environmental and social matters to ensure the Company remains as a leading responsible company in the industry; and
- provide suitable steps and appropriate information and controls to identify economic, environment and social risks to ensure the Company's business is conducted in a responsible manner.

The Sustainability Committee convened 1 meeting for the FYE 2018 and full attendances of the members were recorded at the meeting.

Roles of the Chairman and the Group MD

The Chairman holds a Non-Executive position and is primarily responsible for matters pertaining to the Board and overall conduct of the Board. The Group MD is responsible for the development of the corporate goals and objectives and the setting of strategies to achieve them.

Role of the Company Secretaries

The Company Secretaries are responsible for ensuring that the Board procedures are followed, that the applicable rules and regulations for the conduct of the affairs of the Board are complied with and for all matters associated with the maintenance of the Board or otherwise required for its efficient operation. The Company Secretaries will also advise the Board on any new statutory requirements, guidelines and listing rulings relating to corporate governance as and when it arises.

All Board members have direct access to the advice and services of the Company Secretaries for the purpose of the Board's affairs and the business.

Access to Information and Advice

Prior to the Board meetings, every Director is given an agenda and a comprehensive set of Board papers consisting of reports on the Group's financial performance, status of major projects, future development, the quarterly or annual financial results, the minutes of preceding meetings of the Board and the Board Committees, and relevant proposal papers (if any) to allow them sufficient time to review, consider and deliberate knowledgeably on the matters to be tabled.

Senior management staff as well as advisers and professionals appointed to act for the Company on corporate proposals to be undertaken by the Company are invited to attend the meetings to furnish the Board with their views and explanations on relevant agenda items tabled to the Board and to provide clarification on issues that may be raised by any Director.

In between Board meetings, approvals on matters requiring the sanction of the Board are sought by way of circular resolutions enclosing all the relevant information to enable the Board to make informed decisions. All circular resolutions approved by the Board are tabled for notation at the subsequent Board meeting.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (continued)

Access to Information and Advice (continued)

The Board also perused the decisions deliberated by the Board Committees through minutes of these Committees. The Chairman of the Board Committees is responsible for informing the Board at the Directors' meetings of any salient matters noted by the Committees and which may require the Board's direction. The EXCO also holds monthly management meetings with the operating heads to deliberate on the performance of the Group, sales, marketing development and strategies, operational, environmental, risk management, internal controls, regulatory and statutory matters pertaining to the Group.

The Board has access to the advice and services of the Company Secretaries and may undertake independent professional advice, where necessary and in appropriate circumstances, in furtherance of its duties.

Board Charter

The Board had on 20 August 2013 adopted a Board Charter which clearly sets out the Board's strategic intent and outline the Board's role, powers, duties, and functions as well as a Schedule of Matters Reserved for collective decision of the Board. The Board Charter serves as a source of reference and primary induction literature, providing insight to prospective Board members and the Senior Management.

The Board Charter was reviewed and updated on 23 November 2017 and subsequently, updated on 21 August 2018 in accordance with the needs of the Group and the new regulations that impacted the discharge of the Board's responsibilities. This is to ensure its relevance for good corporate governance practices within the Group.

Code of Conduct and Ethics for Directors

The Board continues to adhere to the Code of Best Practice for Directors which sets out the standard of conduct expected of Directors with the aim to cultivate good ethical conduct that in turn, promotes the values of transparency, integrity, accountability and social responsibility.

Board Composition and Independence

The Board currently has 8 members, comprising 6 NEDs, a Group MD and a President cum CEO. Out of the 8 Directors, 6 of them are Independent Directors which is in compliance with Paragraph 15.02 of the MMLR of Bursa Securities and practices advocated by the MCCG.

The Independent NEDs do not participate in the day-to-day management as well as the daily business of the Company. In staying clear of any potential conflict of interest situation, the Independent Directors remain in a position to fulfill their responsibility to provide a check and balance to the Board. They provide independent and objective views, advice and judgment which take into account the interests of the Group as well as shareholders and investors.

Dato' Dr. Syed Hussain Bin Syed Husman, J.P., the Chairman of the RC, is the Senior Independent Director to whom concerns of shareholders, management, employees and others may be conveyed. The Independent Directors led by Dato' Dr. Syed Hussain Bin Syed Husman, J.P. provide a broader view, independent and balanced assessment of proposals from the Senior Management of the Company.

Tenure of Independent Directors

The Company has implemented a cumulative 9-year term limit for Independent Directors. The Board Charter has adopted Practice 4.2 of the MCCG to seek shareholders' approval annually in the event the Board desires to retain, as an independent director, a person who has served in that capacity for cumulatively more than 9 years but no more than 12 years. After 9 years, such independent director may continue to serve on the Board subject to his/her re-designation as a non-independent director.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (continued)

Appointments and Re-elections to the Board

Candidates for appointment to the Board as Independent Directors are selected after taking into consideration the mix of skills, experience and strength that would be relevant for the effective discharge of the Board's responsibilities. Potential candidates are first evaluated by the NC and, if recommended by the NC, subsequently, by the Board based on their respective profiles as well as their character, integrity, professionalism, independence and their ability to commit sufficient time and energy to the Company's matters. Prior to consideration by the Board, the candidate is also required to declare his state of health, financial condition and furnish details of any subsisting legal proceedings in which he is a party.

Article 104 of the Company's Articles of Association ("AA") provides that 1/3 of the Directors for the time being (excluding MD), shall retire from office by rotation every year. Article 104A of the AA provides that notwithstanding Article 104A, all Directors including a MD shall retire from office at least once every 3 years but shall be eligible for re-election. Article 108 of the AA provides that any newly appointed Director, shall hold office only until the next following AGM of the Company and shall be eligible for re-election but shall not be taken into account in determining the retirement of Directors by rotation at such meeting.

The following Directors are up for retirement at the forthcoming Sixty-First AGM of the Company on 24 May 2019 and have offered themselves for re-election at the said AGM:

(i) Rajaretnam Soloman Daniel;
(ii) Lee Kean Teong; and
(iii) Kee E-Lene.

The Board, on the recommendation of the NC, and with Rajaretnam Soloman Daniel, Lee Kean Teong and Kee E-Lene abstaining, had endorsed the re-election of the abovementioned Directors.

Gender Diversity Policy

The Board members were of the view that the Board comprises a good mix of individuals of different age group and race from diverse industries contributing considerable knowledge, skills and expertise. All the Board Committees were also adequate in terms of number.

Female representation on the Board will be considered when there is a vacancy on the Board and a suitable candidate is identified underpinned by the overriding primary aim of selecting the best candidate to support the Group's objectives. Hence, a policy or target in relation to gender diversity will be established only if the situation so requires and if it is in the best interest of the Company to do so.

Annual Assessment

The NC annually reviews the size and composition of the Board and the Board Committees in order to ensure the Board and the Board Committees have the requisite competencies and capacity to effectively oversee the overall business and carry out their respective responsibilities. The NC uses the Board and Board Committee Evaluation Form comprising questionnaires for the assessment. The effectiveness of the Board is assessed in the areas of the Board's responsibilities and composition, administration and conduct of meetings, communication and interaction with Management and stakeholders and board engagement. A Board Skills Matrix Form is also used as a general assessment of the composition, knowledge, skills and experience of the current Board.

The annual evaluation of the individual Director/Board Committee member are performed by the NC via the Directors' Evaluation Form comprising questionnaires pertaining to the Director's knowledge and skills, participation, contribution and performance, calibre and personality.

To assess the independence of the Independent Directors, each of the Independent Directors annually provides the NC with their Self-Assessment Independence Checklist.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (continued)

Meetings and Time Commitment

4 Board meetings were held during the FYE 2018 and full attendance of the Board members were recorded at the 4 Board meetings.

The Board was satisfied with the level of time commitment given by the Directors towards fulfilling their roles and responsibilities as Directors of the Company during the FYE 2018. All the Directors do not hold directorships more than that prescribed under the MMLR of Bursa Securities.

The Directors also made time to attend appropriate external training programs to equip themselves further with the knowledge to discharge their duties more effectively and to keep abreast of developments on a continuous basis in compliance with Paragraph 15.08 of the MMLR of Bursa Securities, the details of which are set out below:

Directors	Courses/Seminar/Workshop/Conference	Date
Dato' Mah Siew Kwok	International Malaysia Law Conference	14 August 2018 - 17 August 2018
	Gearing Up for Corporate Liability	10 October 2018
	eCourts 2018 Las Vegas Conference	10 December 2018 - 12 December 2018
Yeoh Jin Hoe	Sales and Services Tax Act Malaysia 2018 - Understanding and Implementation	21 August 2018
	The Return of Sales and Service Tax ("SST")	19 September 2018
	The 2019 Budget and Current Tax Developments	5 December 2018
Chee Khay Leong	Sales and Services Tax Act Malaysia 2018 - Understanding and Implementation	21 August 2018
	The 2019 Budget and Current Tax Developments	5 December 2018
Y.A.M. Tunku Zain Al-'Abidin Ibni Tuanku Muhriz	Audit Committee Institute Breakfast Roundtable 2018	3 August 2018
Dato' Dr. Syed Hussain Bin Syed Husman, J.P.	Corporate Governance and Briefing Sessions: MSSG Reporting and CG Guide	1 March 2018
	The Return of SST	19 September 2018
	Breakfast Series: Companies of the Future - The Role for Boards	4 December 2018
	The 2019 Budget and Current Tax Developments	5 December 2018

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (continued)

Meetings and Time Commitment (continued)

Directors	Courses/Seminar/Workshop/Conference	Date
Rajaretnam Soloman Daniel	The Return of SST	19 September 2018
	Independent Directors' Programme: The Essence of Independence	29 October 2018
Lee Kean Teong	MFRS 15 Revenue and Contracts from Customers & Accounting Standards Updates	28 March 2018 and 29 March 2018
	CSR - Organisation Development for Paradigm Change	23 May 2018
	Corporate Liability Bill	7 June 2018
	KPMG Penang Tax Summit 2018	22 November 2018
Kee E-Lene	The Return of SST	19 September 2018
	Gearing Up for Corporate Liability	10 October 2018
	Breakfast Series: Companies of the Future - The Role for Boards	4 December 2018
	The 2019 Budget and Current Tax Developments	5 December 2018

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

Suitability and Independence of External Auditors

BDO PLT, the External Auditors report to the ARMC in respect of their audit on each year's statutory financial statements on matters that require the attention of the ARMC.

At least twice a year, the ARMC will have a separate session with the External Auditors without the presence of the Group MD, President cum CEO and Management.

The External Auditors are required to declare their independence annually to the ARMC as specified by the By-Laws issued by the Malaysian Institute of Accountants. The External Auditors had provided the declaration in their annual audit plan presented to the ARMC of the Company.

Sound Risk Management Framework

The Board recognises the importance of a sound risk management framework and internal control system in order to safeguard the Group's assets and therefore, shareholders' investments in the Group.

The Board affirms its overall responsibility for the Group's system of internal controls. This includes reviewing the adequacy and integrity of financial, operational and compliance controls and risk management procedures within an acceptable risk profile. Since certain risks and threats are externally driven, unforeseen and beyond the Group's control, the system can only provide reasonable assurance against misstatement or loss.

The Board had put in place an ongoing process for identifying, evaluating and managing significant risks faced by the Group.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT (continued)

Internal Audit Function

The internal audit function are set out in the ARMC Report on pages 51 to 52 of this Annual Report.

The key features of the Risk Management Framework are set out in the Directors' Statement on Risk Management and Internal Controls as presented on pages 54 to 56 of this Annual Report.

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

Compliance with Applicable Financial Reporting Standards

The Board takes responsibility for presenting a balanced and understandable assessment of the Group's operations and prospects each time it releases its quarterly and annual financial statements to shareholders. The ARMC reviews the information to be disclosed to ensure its accuracy and adequacy.

A statement by Directors of their responsibilities in preparing the financial statements is set out on page 57 of this Annual Report.

Investors Relations and Shareholders Communication

The Company recognises the importance of effective and timely communication with shareholders and investors to keep them informed of the Group's latest financial performance and material business/corporate matters affecting the Company. Such information is available to shareholders and investors through the Annual Reports, the various disclosures and announcements made to Bursa Securities and the Company's corporate website.

The AGM provides the principal platform for dialogue and interactions with the shareholders. At every meeting, the Chairman sets out the performance of the Group for the financial year then ended. Question and Answer session will then be convened wherein the Directors, Group Chief Financial Officer, Company Secretaries and the External Auditors will be available to answer to the queries raised by the shareholders.

The Chairman of the Board will announce before the start of all general meetings, the right of the shareholders to demand a poll in accordance with the Company's AA. A full explanation for each resolution proposed at the AGM will usually be provided by the Chairman before the resolution is put to the vote.

A press briefing, attended by the key management personnel, is also held after each AGM.

Shareholders and the public can also access information on the Group's background, products and financial performance through the Company's website www.KJCF.net.

COMPLIANCE WITH MCCG

The Board considers that the Company has complied with the provisions and applied the key principles of the MCCG throughout the FYE 2018 except for the below where the explanation for departure is disclosed in the Corporate Governance Report:

Practice 4.5: The Board discloses its Company's policies on gender diversity, its targets and measures to meet those targets.

Practice 4.6: In identifying candidates for appointment of directors, the Board utilises independent sources to identify suitably qualified candidates.

Practice 7.2: The Board discloses on a named basis the top 5 Senior Management's remuneration component including salary, bonus, benefits-in-kind and other emoluments in bands of RM50,000.

The Board has reviewed, deliberated and approved this Corporate Governance Overview Statement via a resolution of the Board dated 26 March 2019. The Board is satisfied that this Corporate Governance Overview Statement provides the information necessary to enable shareholders to evaluate how the MCCG has been applied and obligations are fulfilled under the MCCG and MMLR of Bursa Securities throughout the FYE 2018, save for the exceptions as disclosed above.

This Corporate Governance Overview Statement is to be read in conjunction with the Corporate Governance Report for the FYE 2018 which is made available at the Company's website at www.KJCF.net.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

MEMBERSHIP AND MEETINGS

The Audit and Risk Management Committee ("ARMC") currently comprises the following members, all of whom are Independent Non-Executive Directors:

Members

Lee Kean Teong *(Chairman)*
Dato' Mah Siew Kwok
Y.A.M. Tunku Zain Al-'Abidin Ibni Tuanku Muhriz

During the financial year ended 31 December 2018 ("FYE 2018"), the ARMC convened 4 meetings and full attendances of the members were recorded at all the 4 meetings.

The details of the term of reference of the ARMC are available on the website www.KJCF.net.

SUMMARY OF ACTIVITIES OF THE INTERNAL AUDIT FUNCTION AND THE ARMC DURING THE FYE 2018

Internal Audit Function

The Group has an Internal Audit Department with the principal responsibility to undertake regular and systematic reviews of the systems of internal controls to provide reasonable assurance that such systems continue to operate effectively and efficiently.

In attaining such objectives, the following activities were carried out by Internal Audit Department in FYE 2018:

- Conducted periodic checks to determine the extent of compliance with established policies, procedures and statutory requirements.
- Carried out ad-hoc investigations and special reviews requested by Management.
- Recommended improvements to the existing systems of controls by ways of issuing audit reports to the appropriate level of Management for corrective actions and improvement to be taken.
- Taking corrective actions to continuously improve on the controls, processes and operations of the Group based on feedback from the Management and recommendations from the External Auditors.
- Co-ordinating and conducting cross-auditing among the subsidiaries and being part of the ISO Internal Quality Audit Team.
- Reviewed and reported to the ARMC on the recurrent related party transactions and conflict of interest situations that may arise within the Group including any transactions, procedure or course of conduct that raise questions of Management's integrity.
- Prepared the Group Internal Audit Plan for approval of the ARMC. The Group Internal Audit Plan sets out the scope of work for Internal Audit Department for the year 2019.
- Prepared the Internal Audit Budget and Headcount for 2019.
- Prepared the ARMC Report and Statement of Risk Management and Internal Control for the Annual Report 2017.

The total cost incurred by the Internal Audit Department for the FYE 2018 amounted to RM996,620.

All internal audit activities were conducted by the in-house audit team.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

SUMMARY OF ACTIVITIES OF THE INTERNAL AUDIT FUNCTION AND THE ARMC DURING THE FYE 2018 (continued)

Summary of Activities of the ARMC

During the FYE 2018, the ARMC has met all its responsibilities. The main activities undertaken by the ARMC in FYE 2018 were as follows:

- Reviewed with the External Auditors their scope of work and audit planning for the FYE 2018.
- Reviewed the results of the external audit, the audit report and the management letter, including Management's response.
- Reviewed with the Internal Auditors on:
  - the scope of work and audit plan of the Company and of the Group;
  - significant issues and concerns arising from the audit; and
  - assessing the Internal Auditor's findings and the Management's responses thereto and thereafter, making the necessary recommendations or changes to the Board.
- Reviewed the risk management reports and quarterly internal audit reports presented by the Risk Management Working Group and the Internal Auditors on their findings, recommendations and discussion with Senior Management to ensure that appropriate and timely measures have been taken to improve the internal control systems.
- Reviewed and approved the Internal Audit Budget and Headcount for 2019.
- Reviewed the announcements of the unaudited quarterly financial results of the Group prior to the Board's approval with particular focus on:
  - compliance with accounting standards and regulatory requirements; and
  - the Group's accounting policies and procedures.
- Held separate sessions with the External Auditors without the presence of Management in February 2018 and November 2018.
- Reviewed and recommended the Group Budget 2019 to the Board for their consideration and approval.
- Reviewed and recommended the External Auditors' Assessment Policy to the Board for its consideration and approval.
- Reviewed and recommended the ARMC Report and Statement on Risk Management and Internal Control for the Annual Report 2017 and the Board for its consideration and approval.
- Reviewed and recommended the audited Financial Statements of the Group and of the Company for the financial year ended 31 December 2017 ("FS 2017") to the Board for its consideration and approval. The review was to ensure that the audited FS 2017 were drawn up in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the provisions of the Companies Act, 2016.
- Review the recurrent related party transactions of a revenue or trading nature entered into by the Company and the Group, and the draft circular to seek shareholders' mandate in respect thereof.
- Appointed an external audit firm to conduct internal audit quality assurance review of the in-house Audit Department.

This Report is made in accordance with a resolution of the Board dated 26 March 2019.

OTHER COMPLIANCE INFORMATION

AUDIT AND NON-AUDIT FEES PAID/PAYABLE

During the financial year ended 31 December 2018, the amount of audit and non-audit fees paid/payable by the Group and the Company to the External Auditors, BDO PLT for services rendered to the Company and its subsidiaries are as follows:

Type of fees	Group RM'000	Company RM'000
Audit fees	664	130
Non-audit fees	36	11

MATERIAL CONTRACTS

There were no material contracts (not being contracts entered into in the ordinary course of business) entered into by the Company and/or its subsidiaries involving Directors' or major shareholders' interests that were still subsisting at the end of the financial year or since then.

For information on recurrent related party transactions of a revenue or trading nature, please refer to Note 34 to the Financial Statements.

UTILISATION OF PROCEEDS

Subsidiary company, Box-Pak (Malaysia) Bhd. ("Box-Pak") successfully raised RM113.4 million from the renounceable rights issue of new ordinary shares together with free detachable warrants ("Rights Issue with Warrants") in March 2017. Consequently, 60,023,490 new ordinary shares were issued at RM1.89 per share together with 15,005,861 free detachable warrants. These warrants have not been exercised.

The status of the utilisation of proceeds from the Rights Issue with Warrants as at 31 December 2018 is summarised below:

Purpose	Original Proposed Utilisation RM'000	Actual Utilisation RM'000	Intended Timeframe (within)
Business expansion in Malaysia *	24,000	20,000	24 months
Variance of Utilisation * - Repayment of Revolving Credit facilities	-	4,000	Before 31 December 2018
Business venture in Myanmar	50,000	50,000	24 months
Repayment of short-term borrowings and working capital ^	38,500	38,533	12 months
Expenses in relation to the corporate exercise ^	900	867	1 month
	113,400	**113,400**	

Notes:

* *On 23 October 2018, Box-Pak announced its decision to vary the intended use of the RM4.0 million balance of proceeds raised from the Rights Issue with Warrants. The Board of Directors of Box-Pak resolved to utilise the balance of proceeds of RM4.0 million (originally intended for construction of new factory) to partially repay revolving credit facilities taken by the Box-Pak group of companies.*

^ *The amount of RM867,000 had been utilised to pay for expenses in relation to the corporate exercise in FYE 2017. The excess amount of RM33,000 was utilised for working capital purpose.*

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

The Board of Directors of Kian Joo Can Factory Berhad ("Kian Joo" or "the Company") ("Board") is responsible for maintaining a sound system of internal control in the Company and its subsidiaries ("the Group") and is pleased to provide the following Statement on Risk Management and Internal Control ("the Statement") which outlines the nature and scope of risk management and internal control systems of the Group during the financial year ended 31 December 2018 ("FYE 2018"). The Statement is issued pursuant to Paragraph 15.26(b) of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities") and in accordance with the Statement on Risk Management & Internal Control: Guidelines for Directors of Listed Issuers.

BOARD'S RESPONSIBILITY

The Board recognises the importance of good corporate governance. The Board is responsible for the Group's internal control and risk management systems to safeguard shareholders' investment and the Group's assets as well as reviewing the adequacy and effectiveness of the said systems. This responsibility is delegated to the Audit and Risk Management Committee ("ARMC"), which is empowered by its terms of reference to seek assurance on the adequacy and integrity of the internal control system through independent reviews carried out by the internal audit function and through engagement with the Management. The Management is responsible for assisting the Board in implementing and monitoring the procedures and processes which identify, assess and monitor business risks and internal controls, and to take responsive corrective action, as and when needed.

The Board has received assurance from the Group Managing Director ("MD"), the President cum Chief Executive Officer ("CEO") and Group Chief Financial Officer ("CFO") that the Group's risk management and internal control systems have operated adequately and effectively for FYE 2018, in all material aspects. The assurance has been given based on the internal controls established and maintained by the Group, work performed and reports provided by the internal audit function and the Risk Management Working Group, management letters provided by External Auditors, reviews performed by the Management and various Board Committees, as well as reliance on confirmations by the Management.

The system of internal control is designed to manage rather than to eliminate all risks that may impede the achievement of the Group's business objectives. Therefore, the internal control system can only provide reasonable assurance and not absolute assurance against material misstatement or loss.

The Board is of the opinion that the internal controls and risk management systems were adequate for FYE 2018 to address the risks which the Group considers relevant and material to its operations.

RISK MANAGEMENT

In line with the Malaysian Code of Corporate Governance 2017's disclosure requirement, and in enhancing the Group's risk management and internal control framework, the Board had redesignated its Audit Committee as ARMC. The ARMC comprises wholly independent directors.

Key features of the risk management framework are:

(a) The Group has set up a Risk Management Working Group to assist the ARMC in establishing an enterprise risk management ("ERM") framework;
(b) The Risk Management Working Group comprises the President cum CEO, the Group CFO (as Chairperson), Director-Group Executive Management Office and the General Manager of the respective Business Divisions;
(c) The Risk Management Working Group will conduct an annual review of the ERM framework and its process;
(d) Any significant risk(s) that requires the Board's attention will be highlighted via Risk Management Working Group Report ("RMWGR");
(e) Key risks highlighted in the RMWGR will be used by Internal Audit Department in developing and internal audit plan; and
(f) The Group Internal Audit Department will carry out a yearly review of the effectiveness of the ERM framework and report the findings of the reviews and recommendations, if any, to the ARMC.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTERNAL AUDIT FUNCTION

The Group's internal audit function is performed by the Group's Internal Audit Department. The scope of internal auditing encompasses, but is not limited to, the examination and evaluation of the adequacy and effectiveness of the Group's governance, risk management and internal controls.

The Group Internal Audit Department would govern itself by adhering to the Institute of Internal Auditors' International Professional Practices Framework ("IPPF"). In addition, the Group Internal Audit Department will maintain a quality assurance and improvement program that cover all aspects of the internal audit activity (including ongoing internal assessments and external assessments) in order to meet the IPPF standard requirements.

For FYE 2018, internal audit reviews were carried out in accordance with the internal audit plan approved by the ARMC. Significant audit findings together with Management's responses and proposed actions plans were presented to the ARMC. The internal audit function also followed up and reported to the ARMC on whether the corrective action plans addressed the control weaknesses satisfactorily and were implemented by the Management.

Based on internal audit reviews carried out, none of the weaknesses noted have resulted in any material losses, contingencies or uncertainties that would require separate disclosure in this Annual Report.

During the FYE 2018, the Internal Audit Manager was assigned to oversee Group Internal Audit Department upon the resignation of The Head of Internal Audit in June 2018. The Internal Audit Manager holds a Chartered Institute of Management Accountants ("CIMA"), Chartered Global Management Accountants and Association Membership of CIMA, United Kingdom and also Certified Internal Auditors (USA). He has many years of internal audit experience working in the manufacturing business, plantation, property development and hospitality industries. He joined the Group in September 2015 as the Internal Audit Manager and functionally reports to the ARMC effective July 2018.

The total number of auditors in the Group Internal Audit Department during the FYE 2018 was 9 (FYE 2017: 10). Effort is underway to recruit additional auditors to cater for the business growth and expansion within the Group.

None of the internal auditors has family relationship with any Director and/or major shareholder of the Company.

The cost incurred in maintaining the internal audit function for FYE 2018 amounted to RM996,620.

INTERNAL CONTROL

The key elements of the Group's internal control system are described below:

(a) Organisation Structure and Authorisation Procedures

The Group maintains a formal organisation structure. Delegation of authority including authorisation limits at various level of Management and those requiring the Board's approval are documented and designed to ensure accountability and responsibility.

(b) Documented Policies and Procedures

Clearly defined policies and procedures are in place, where applicable, and are regularly updated to reflect changing risks or to address operational deficiencies.

(c) Planning, Monitoring and Reporting

- The Group has an annual planning and budgeting process where financial budget and capital expenditure proposal are approved by the Board;
- Actual performances against budget are monitored closely by the Management and updates on the Group's performances are provided to the Board periodically.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTERNAL CONTROL (continued)

(d) Human Resource and Code of Conduct Policies

There are documented policies and guidelines within the Group covering hiring and termination of employee, training program and performance appraisal to enhance the level of employees' competency in carrying out their duties and responsibilities. The Group has in place a Code of Conduct which is applied to the Group's management employees. The Code of Conduct defines rules of conduct and is structured as follows:

- compliance with laws and regulations;
- prevention of conflicts of interest;
- safeguarding of the Group's intellectual property and assets; and
- financial disclosure and importance of internal control implementation.

(e) Insurance

Sufficient insurance coverage and physical safeguards on major assets are in place to ensure the Group's assets are adequately covered against any mishap that could result in material loss. A yearly policy renewal exercise is undertaken by Management to review the coverage based on the current fixed asset register and the respective net book values and "replacement values", i.e. the prevailing market price for the same or similar item, where applicable.

(f) ISO Audit

As per requirement of the various ISO certifications, the scheduled audits are conducted internally as well as by various external certification bodies. Issues arising from these audits are forwarded to the Group's President cum CEO for review.

(g) Internal Audit

The annual risk based internal audit plan is reviewed and approved by the ARMC before the beginning of the next financial year. The objectives of the said audit plan are to ensure, through regular internal audit reviews, that the Group's policies and procedures are being complied with in order to provide assurance on the adequacy and effectiveness of the Group's system of internal controls. Follow reviews on previous audit reports are carried out to ensure that appropriate actions are taken to address highlighted internal control weaknesses.

(h) ARMC

The ARMC comprises wholly Independent Non-Executive members of the Board and provides direction and oversight over the internal audit function to enhance its independence from the Management. The ARMC meets quarterly to review external audit findings, internal audit findings, discuss internal control issues and ensures that weaknesses in controls highlighted are appropriately addressed by the Management.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

As required by Paragraph 15.23 of the MMLR of Bursa Securities, the External Auditors have reviewed the Statement on Risk Management and Internal Control, and reported to the Board that nothing has come to their attention that causes them to believe that the Statement on Risk Management and Internal Control intended to be included in the Annual Report for the FYE 2018 has not been prepared, in all material aspects, in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, nor is the Statement on Risk Management and Internal Control factually inaccurate.

Their limited assurance review was performed in accordance with Malaysian Approved Standard on Assurance Engagement, ISAE 3000 (Revised) *Assurance Engagements Other than Audits or Reviews of Historical Financial Information and* AAPG3 *Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control Included in the Annual Report* issued by the Malaysian Institute of Accountants which does not require the external auditors to form an opinion on the adequacy and effectiveness of the risk management and internal control systems of the Group.

CONCLUSION

The Board is of the view that the risk management and internal control systems are satisfactory and have not resulted in any material losses, contingencies or uncertainties that would require disclosure in this Annual Report.

This Statement is made in accordance with a resolution of the Board dated 26 March 2019.

RESPONSIBILITY STATEMENT
BY THE BOARD OF DIRECTORS

Directors are legally responsible to prepare financial statements for each financial year which gives a true and fair view of the state of affairs of the Group and of the Company at the end of the financial year and of the results and cash flows of the Group and of the Company for the financial year.

In preparing those financial statements, the Directors ensured that:

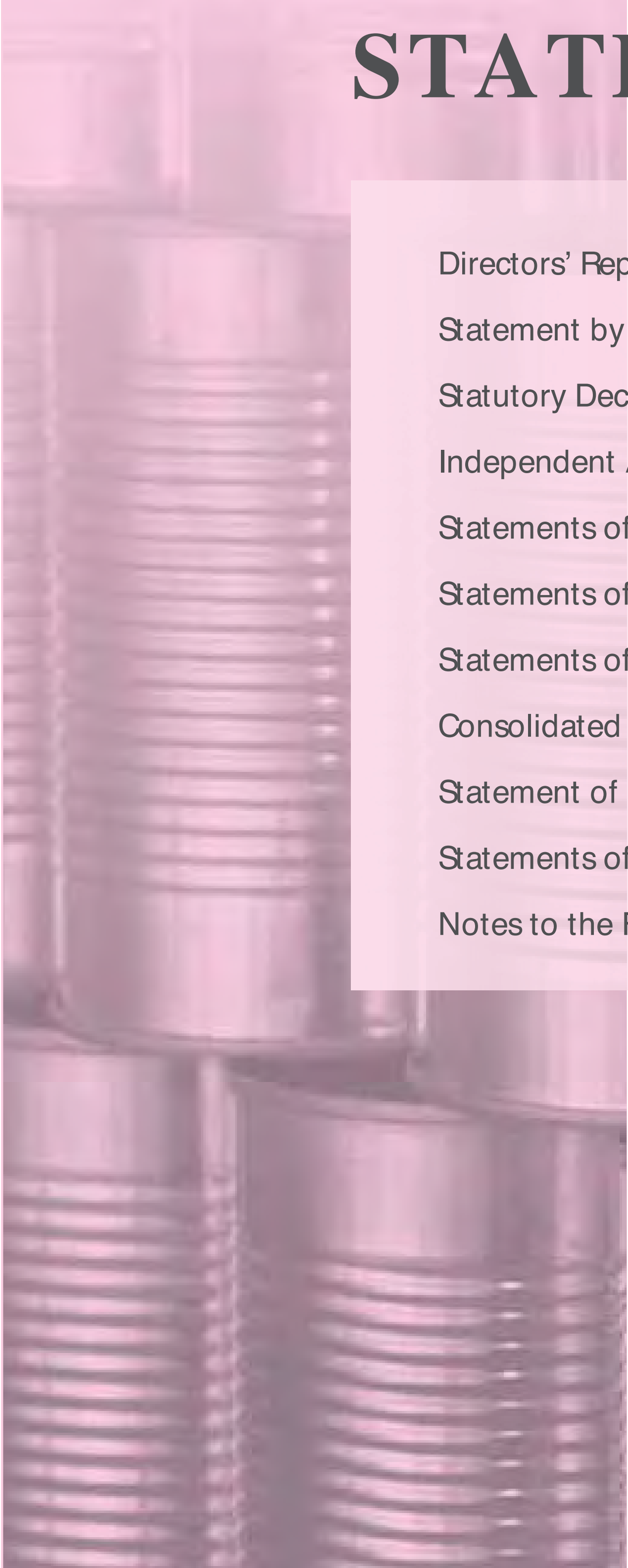
- they complied with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRSs") and Companies Act 2016 ("the Act");
- appropriate accounting policies are used and applied consistently;
- the going concern basis used in preparation of the financial statements are appropriate; and
- where judgements and estimates are made, they are reasonable and prudent.

The Directors are responsible to ensure that proper accounting records are kept and disclosed with reasonable accuracy the financial position of the Group and of the Company and to ensure that the financial statements comply with MFRSs, IFRSs, the Act and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The Directors have a general responsibility for taking such steps as are reasonably opened to them to manage risks associated to the business of the Group, safeguard the Group's assets, to prevent and detect fraud and other irregularities. In this aspect, the Directors have received reasonable assurance from the Group MD, President cum CEO and Group CFO that proper internal controls are in place throughout the financial year ended 31 December 2018 for these purposes.

This Statement is made in accordance with a resolution of the Board dated 26 March 2019.

FINANCIAL STATEMENTS



DIRECTORS' REPORT

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2018.

PRINCIPAL ACTIVITIES

The principal activities of the Company are manufacture and distribution of tin cans and investment holding. The principal activities and the details of the subsidiaries are disclosed in Note 9 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

RESULTS

	Group RM'000	Company RM'000
Profit for the financial year	10,446	44,028
Attributable to:		
Owners of the parent	17,259	44,028
Non-controlling interests	(6,813)	-
	10,446	44,028

DIVIDEND

Dividend proposed, declared or paid since the end of the previous financial year was as follows:

	RM'000
In respect of financial year ended 31 December 2017:	
Interim single-tier dividend of 4 sen per ordinary share, paid on 27 June 2018	17,767

The Directors do not recommend the payment of any dividend in respect of the current financial year.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year.

ISSUE OF SHARES AND DEBENTURES

The Company did not issue any new shares or debentures during the financial year.

OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued ordinary shares of the Company during the financial year.

DIRECTORS' REPORT

DIRECTORS OF KIAN JOO CAN FACTORY BERHAD

The Directors who have held office during the financial year and up to the date of this report are as follows:

Dato' Mah Siew Kwok
Yeoh Jin Hoe
Chee Khay Leong
Y.A.M. Tunku Zain Al-'Abidin Ibni Tuanku Muhriz
Dato' Dr. Syed Hussain Bin Syed Husman, J.P.
Rajaretnam Soloman Daniel
Lee Kean Teong
Kee E-Lene

DIRECTORS OF SUBSIDIARIES OF KIAN JOO CAN FACTORY BERHAD

Pursuant to Section 253 (2) of the Companies Act 2016, the Directors of the subsidiaries of Kian Joo Can Factory Berhad during the financial year and up to the date of this report are as follows:

Yeoh Jin Hoe
Chee Khay Leong
Datuk Dr. Roslan Bin A. Ghaffar
Tan Kim Seng
Gong Wooi Teik
Tee Keng Hoon
Tuan Ngah @ Syed Ahmad Bin Tuan Baru
Keith Christopher Yeoh Min Kit
Ooi Teik Huat
Marc Francis Yeoh Min Chang
Nur Aisyah Wong @ Wong Wai Yin (Huang Huiyan)

DIRECTORS' INTERESTS

The Directors holding office at the end of the financial year and their beneficial interests in the ordinary shares of the Company and of its related corporations during the financial year ended 31 December 2018 as recorded in the Register of Directors' Shareholdings kept by the Company under Section 59 of the Companies Act 2016 in Malaysia were as follows:

	Number of ordinary shares			
	At 1.1.2018	**Additions**	**Disposal**	**At 31.12.2018**
Shares in the Company				
Indirect interest:				
Yeoh Jin Hoe	146,131,500[¢]	-	-	146,131,500[¢]
Shares in a subsidiary				
Box-Pak (Malaysia) Bhd.				
Indirect interest:				
Yeoh Jin Hoe	66,016,121[#]	-	-	66,016,121[#]

DIRECTORS' INTERESTS (continued)

The Directors holding office at the end of the financial year and their beneficial interests in the ordinary shares of the Company and of its related corporations during the financial year ended 31 December 2018 as recorded in the Register of Directors' Shareholdings kept by the Company under Section 59 of the Companies Act 2016 in Malaysia were as follows (continued):

	Number of Warrants 2017/2022			
	At 1.1.2018	**Granted**	**Exercised**	**At 31.12.2018**
Warrants in a subsidiary				
Box-Pak (Malaysia) Bhd.				
Indirect interest:				
Yeoh Jin Hoe	8,276,530#	-	-	8,276,530#

¢ *Deemed interest through holding of more than 20% voting shares in Eller Axis Sdn. Bhd., which in turn holds more than 20% voting shares in Can-One Berhad, the holding company of Can-One International Sdn. Bhd. and the holder of the 146,131,500 ordinary shares in the Company.*

Deemed interest through Kian Joo Can Factory Berhad, in which Can-One International Sdn. Bhd. holds more than 20% voting shares.

Yeoh Jin Hoe, by virtue of his interests in the ordinary shares in Can-One Berhad, a substantial corporate shareholder of the Company, is also deemed to be interested in the ordinary shares of all the subsidiaries of the Company to the extent the Company has an interest.

Save for the aforesaid Director above, none of the other Directors holding office at the end of the financial year held any interest in the ordinary shares of the Company or ordinary shares and Warrants of its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the Directors have received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by the Directors as shown in the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest, except as disclosed in Note 34 to the financial statements.

There were no arrangements during and at the end of the financial year, to which the Company is a party, which had the object of enabling the Directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate except for the Warrants issued by Box-Pak (Malaysia) Bhd..

DIRECTORS' REMUNERATION

The details of Directors' remuneration are disclosed in Note 34 (c) to the financial statements.

INDEMNITY AND INSURANCE FOR OFFICERS AND AUDITORS

The Group and the Company effected Directors' liability insurance during the financial year to protect the Directors of the Group and of the Company against potential costs and liabilities arising from claims brought against the Directors. The amount of insurance premium paid by the Company for the financial year 2018 was RM30,000.

There were no indemnity given to or insurance effected for the auditors of the Group and of the Company during the financial year.

DIRECTORS' REPORT

SIGNIFICANT EVENT SUBSEQUENT TO THE END OF REPORTING PERIOD

Significant event subsequent to the end of the reporting period is disclosed in Note 40 to the financial statements.

OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY

(I) AS AT THE END OF THE FINANCIAL YEAR

(a) Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps:

(i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and have satisfied themselves that there are no known bad debts to be written off and that adequate provision had been made for doubtful debts; and

(ii) to ensure that any current assets other than debts, which were unlikely to realise their book values in the ordinary course of business had been written down to their estimated realisable values.

(b) In the opinion of the Directors, the results of the operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

(II) FROM THE END OF THE FINANCIAL YEAR TO THE DATE OF THIS REPORT

(c) The Directors are not aware of any circumstances:

(i) which would necessitate the writing off of bad debts or render the amount of provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any material extent;

(ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; and

(iii) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

(d) In the opinion of the Directors:

(i) there has not arisen any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made; and

(ii) no contingent or other liability has become enforceable, or is likely to become enforceable, within the period of twelve (12) months after the end of the financial year which would or may affect the ability of the Group or of the Company to meet their obligations as and when they fall due.

(III) AS AT THE DATE OF THIS REPORT

(e) There are no charges on the assets of the Group and of the Company which have arisen since the end of the financial year to secure the liabilities of any other person.

(f) There are no contingent liabilities of the Group and of the Company which have arisen since the end of the financial year.

(g) The Directors are not aware of any circumstances not otherwise dealt with in the report or financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

DIRECTORS' REPORT

AUDITORS

The auditors, BDO PLT (LLP0018825-LCA & AF 0206), have expressed their willingness to continue in office.

Details of the auditors' remuneration of the Company and its subsidiaries for the financial year ended 31 December 2018 are disclosed in Note 29 to the financial statements.

BDO PLT (LLP0018825-LCA & AF 0206) was registered on 2 January 2019 and with effect from that date, BDO (AF 0206), a conventional partnership was converted to a limited liability partnership.

Signed on behalf of the Board in accordance with a resolution of the Directors.

Yeoh Jin Hoe
Director

Chee Khay Leong
Director

Kuala Lumpur
26 March 2019

STATEMENT BY DIRECTORS

We, Yeoh Jin Hoe and Chee Khay Leong, being two of the Directors of Kian Joo Can Factory Berhad, state that, in the opinion of the Directors, the accompanying financial statements set out on pages 69 to 145 have been drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards, and the provisions of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2018 and of the financial performance and cash flows of the Group and of the Company for the financial year then ended.

On behalf of the Board,

Yeoh Jin Hoe
Director

Chee Khay Leong
Director

Kuala Lumpur
26 March 2019

STATUTORY DECLARATION

I, Ooi Teik Huat (CA 21851), being the officer primarily responsible for the financial management of Kian Joo Can Factory Berhad, do solemnly and sincerely declare that the financial statements set out on pages 69 to 145 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly)
declared by the abovenamed at)
Kuala Lumpur this)
26 March 2019)

Ooi Teik Huat

Before me

Mohan A.S. Maniam
(No. W710)
Commissioner for Oaths
Kuala Lumpur

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF KIAN JOO CAN FACTORY BERHAD
(Incorporated in Malaysia)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Kian Joo Can Factory Berhad, which comprise the statements of financial position as at 31 December 2018 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 69 to 145.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2018 and of their financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

1. **Impairment assessment on the carrying amount of property, plant and equipment**

   As stated in Note 5(d) to the financial statements, certain subsidiaries have impairment indicators and they collectively held RM132,724,000 in carrying amount of property, plant and equipment as at 31 December 2018. As such, the management has performed impairment assessments on these Cash Generating Units ("CGUs").

   We have determined this to be a key audit matter because it requires the management to exercise significant judgements and estimates about the future results and key assumptions applied to cash flow projections of the CGUs in determining their recoverable amounts. These key assumptions include forecast growth in future revenues and operating profit margins, as well as determining an appropriate pre-tax discount rate and growth rates. In addition, the impairment assessment performed by management, where the value-in-use model is used, is complex.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF KIAN JOO CAN FACTORY BERHAD

(Incorporated in Malaysia)

Key Audit Matters (continued)

1. Impairment assessment on the carrying amount of property, plant and equipment (continued)

Audit response

Our audit procedures included the following:

(a) compared cash flow projections against recent performance and assessed and challenged the key assumptions used in the projections by comparing to actual historical operating profit margins and growth rates;

(b) compared prior period budgets to actual outcomes to assess reliability of management's forecasting process;

(c) assessed appropriateness of pre-tax discount rates used for each CGU by comparing to the weighted average cost of capital of the Group and relevant risk factors; and

(d) performed sensitivity analysis to stress test the key assumptions in the impairment model.

2. Recoverability of trade receivables

As at 31 December 2018, gross trade receivables of the Group and the Company were RM358,835,000 and RM54,965,000 respectively, as disclosed in Note 14 to the financial statements.

We determined this to be key audit matter because it requires management to exercise significant judgement in determining the probability of default by trade receivables and appropriate forward looking information.

Audit response

Our audit procedures included the following:

(a) recomputed the probability of default using historical data and forward looking information adjustment applied by the Group and the Company;

(b) recomputed the correlation coefficient between forward looking factors, used by the Group, and historical credit losses to determine the appropriateness of the forward-looking information used by the Group and the Company; and

(c) inquiries of management to assess the rationale underlying the relationship between the forward-looking information and expected credit losses.

Information Other than the Financial Statements and Auditors' Report Thereon

The Directors of the Company are responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF KIAN JOO CAN FACTORY BERHAD

(Incorporated in Malaysia)

Responsibilities of the Directors for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

(a) Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

(b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.

(c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

(d) Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

(e) Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

(f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF KIAN JOO CAN FACTORY BERHAD

(Incorporated in Malaysia)

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 9 to the financial statements.

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

BDO PLT
LLP0018825-LCA & AF 0206
Chartered Accountants

Koo Swee Lin
03281/08/2020 J
Chartered Accountant

26 March 2019
Kuala Lumpur

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018

		Group		Company	
		2018	2017	2018	2017
	Note	RM'000	RM'000	RM'000	RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	5	**1,464,553**	1,166,548	**142,830**	119,053
Land use rights	6	**119,357**	119,200	**-**	-
Investment properties	7	**16,291**	16,635	**15,861**	16,181
Intangible assets	8	**790**	1,153	**-**	1
Investments in subsidiaries	9	**-**	-	**474,912**	427,984
Deferred tax assets	10	**10,864**	10,864	**1,464**	1,464
Other assets	11	**4,519**	59,468	**-**	891
Amounts due from subsidiaries	12	**-**	-	**13,566**	18,252
		1,616,374	1,373,868	**648,633**	583,826
Current assets					
Inventories	13	**517,772**	517,194	**83,035**	44,568
Trade and other receivables	14	**416,106**	382,775	**79,894**	25,427
Other assets	11	**8,388**	16,460	**2,259**	178
Amounts due from subsidiaries	12	**-**	-	**11,024**	107,623
Current tax assets		**18,260**	19,702	**1,212**	1,327
Derivative financial assets	15	**54**	6,069	**-**	-
Short term funds	16	**34,889**	29,496	**9**	4,764
Cash and bank balances	17	**122,891**	139,304	**12,963**	6,174
		1,118,360	1,111,000	**190,396**	190,061
TOTAL ASSETS		**2,734,734**	2,484,868	**839,029**	773,887

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018 (continued)

	Note	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
EQUITY AND LIABILITIES					
Equity attributable to owners of the parent					
Share capital	18	**111,786**	111,786	**111,786**	111,786
Other reserves	19	**17,804**	23,789	**-**	-
Retained earnings		**1,328,478**	1,330,271	**611,674**	585,458
		1,458,068	1,465,846	**723,460**	697,244
Non-controlling interests		**112,719**	119,200	**-**	-
TOTAL EQUITY		**1,570,787**	1,585,046	**723,460**	697,244
LIABILITIES					
Non-current liabilities					
Retirement benefit obligations	20	**50,116**	47,216	**18,355**	15,576
Deferred tax liabilities	10	**13,278**	13,540	**-**	-
Loans and borrowings	21	**381,309**	195,516	**7,040**	-
Derivative financial liabilities	15	**1,973**	2,530	**-**	-
		446,676	258,802	**25,395**	15,576
Current liabilities					
Provisions	22	**3**	11	**-**	-
Retirement benefit obligations	20	**11,479**	10,237	**2,216**	2,216
Current tax liabilities		**3,073**	3,829	**-**	-
Loans and borrowings	21	**420,100**	377,769	**7,197**	37,857
Trade and other payables	23	**272,839**	245,873	**80,761**	20,994
Derivative financial liabilities	15	**9,777**	3,301	**-**	-
		717,271	641,020	**90,174**	61,067
TOTAL LIABILITIES		**1,163,947**	899,822	**115,569**	76,643
TOTAL EQUITY AND LIABILITIES		**2,734,734**	2,484,868	**839,029**	773,887

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF PROFIT OR LOSS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

		Group		Company	
		2018	2017	2018	2017
	Note	RM'000	RM'000	RM'000	RM'000
Revenue	25	**1,826,826**	1,838,889	**262,094**	251,443
Cost of sales		**(1,646,035)**	(1,612,390)	**(199,745)**	(157,580)
Gross profit		**180,791**	226,499	**62,349**	93,863
Interest income	26	**942**	2,506	**2,224**	5,187
Other operating income	27	**11,876**	11,618	**10,767**	27,820
Selling and distribution costs		**(22,808)**	(26,449)	**(121)**	(99)
Administrative expenses		**(116,210)**	(111,768)	**(26,436)**	(31,355)
Finance costs	28	**(30,214)**	(25,934)	**(2,563)**	(1,563)
Profit before taxation	29	**24,377**	76,472	**46,220**	93,853
Taxation	31	**(13,931)**	6,556	**(2,192)**	1,253
Profit for the financial year		**10,446**	83,028	**44,028**	95,106

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

		Group		Company	
		2018	2017	2018	2017
	Note	RM'000	RM'000	RM'000	RM'000
Profit for the financial year		**10,446**	83,028	**44,028**	95,106
Other comprehensive (loss)/income:					
Items that may be reclassified to profit or loss in subsequent periods:					
Fair value loss on cash flow hedge		**(8,990)**	(1,811)	**-**	-
Foreign currency translations		**3,337**	(33,953)	**-**	-
Total other comprehensive loss for the financial year, net of tax		**(5,653)**	(35,764)	**-**	-
Total comprehensive income for the financial year		**4,793**	47,264	**44,028**	95,106
Profit/(Loss) attributable to:					
Owners of the parent		**17,259**	89,958	**44,028**	95,106
Non-controlling interests		**(6,813)**	(6,930)	**-**	-
		10,446	83,028	**44,028**	95,106
Total comprehensive income/(loss) attributable to:					
Owners of the parent		**11,274**	61,170	**44,028**	95,106
Non-controlling interests		**(6,481)**	(13,906)	**-**	-
		4,793	47,264	**44,028**	95,106
Earnings per ordinary share attributable to owners of the parent (sen):					
Basic and diluted	32	**3.89**	20.25		

The accompanying notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	Attributable to owners of the parent									
	Non-distributable						Distributable			
Group	Share capital RM'000	Share premium RM'000	Capital reserve RM'000	Cash flow hedge reserve RM'000	Foreign currency translation reserve RM'000	Other reserves RM'000	Retained earnings RM'000	Equity attributable to owners of the parent RM'000	Non-controlling interests RM'000	Total equity RM'000
Balance as at 1 January 2018, as previously reported	111,786	-	4,480	(26)	19,335	23,789	1,330,271	1,465,846	119,200	1,585,046
Adjustment on initial application of MFRS 9 (Note 39.1)	-	-	-	-	-	-	(1,285)	(1,285)	-	(1,285)
Balance as at 1 January 2018, as restated	111,786	-	4,480	(26)	19,335	23,789	1,328,986	1,464,561	119,200	1,583,761
Profit/(Loss) for the financial year	-	-	-	-	-	-	17,259	17,259	(6,813)	10,446
Other comprehensive (loss)/income, net of tax	-	-	-	(8,990)	3,005	(5,985)	-	(5,985)	332	(5,653)
Total comprehensive (loss)/income for the financial year	-	-	-	(8,990)	3,005	(5,985)	17,259	11,274	(6,481)	4,793
Dividend on ordinary shares (Note 33)	-	-	-	-	-	-	(17,767)	(17,767)	-	(17,767)
At 31 December 2018	111,786	-	4,480	(9,016)	22,340	17,804	1,328,478	1,458,068	112,719	1,570,787

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (continued)

	Attributable to owners of the parent									
	Non-distributable						Distributable			
Group	Share capital RM'000	Share premium RM'000	Capital reserve RM'000	Cash flow hedge reserve RM'000	Foreign currency translation reserve RM'000	Other reserves RM'000	Retained earnings RM'000	Equity attributable to owners of the parent RM'000	Non-controlling interests RM'000	Total equity RM'000
At 1 January 2017	111,042	744	4,480	1,785	46,312	52,577	1,258,080	1,422,443	82,232	1,504,675
Profit/(Loss) for the financial year	-	-	-	-	-	-	89,958	89,958	(6,930)	83,028
Other comprehensive loss, net of tax	-	-	-	(1,811)	(26,977)	(28,788)	-	(28,788)	(6,976)	(35,764)
Total comprehensive (loss)/income for the financial year	-	-	-	(1,811)	(26,977)	(28,788)	89,958	61,170	(13,906)	47,264
Change in ownership interest in a subsidiary	-	-	-	-	-	-	-	-	50,874	50,874
Dividend on ordinary shares (Note 33)	-	-	-	-	-	-	(17,767)	(17,767)	-	(17,767)
Transfer pursuant to the Companies Act 2016 (Note 18)	744	(744)	-	-	-	-	-	-	-	-
At 31 December 2017	111,786	-	4,480	(26)	19,335	23,789	1,330,271	1,465,846	119,200	1,585,046

The accompanying notes form an integral part of the financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

Company	← *Non-distributable* Share capital RM'000	→ Share premium RM'000	*Distributable* Retained earnings RM'000	Total equity RM'000
Balance as at 1 January 2018, as previously reported	**111,786**	**-**	**585,458**	**697,244**
Adjustments on initial application of MFRS 9 (Note 39.1)	**-**	**-**	**(45)**	**(45)**
Balance as at 1 January 2018, as restated	**111,786**	**-**	**585,413**	**697,199**
Profit for the financial year	**-**	**-**	**44,028**	**44,028**
Other comprehensive income, net of tax	**-**	**-**	**-**	**-**
Total comprehensive income for the financial year	**-**	**-**	**44,028**	**44,028**
Dividend on ordinary shares (Note 33)	**-**	**-**	**(17,767)**	**(17,767)**
At 31 December 2018	**111,786**	**-**	**611,674**	**723,460**
At 1 January 2017	111,042	744	508,119	619,905
Profit for the financial year	-	-	95,106	95,106
Other comprehensive income, net of tax	-	-	-	-
Total comprehensive income for the financial year	-	-	95,106	95,106
Dividend on ordinary shares (Note 33)	-	-	(17,767)	(17,767)
Transfer pursuant to the Companies Act 2016 (Note 18)	744	(744)	-	-
At 31 December 2017	111,786	-	585,458	697,244

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

		Group		Company	
		2018	2017	2018	2017
	Note	RM'000	RM'000	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers		**1,802,400**	1,818,355	**198,045**	173,505
Payments to suppliers		**(1,634,317)**	(1,682,359)	**(195,538)**	(184,433)
Cash from/(used in) operations		**168,083**	135,996	**2,507**	(10,928)
Interest paid	28	**(30,214)**	(25,934)	**(2,563)**	(1,563)
Tax paid		**(13,581)**	(26,756)	**(2,077)**	(3,471)
Tax refunded		**28**	1,791	**-**	-
Net cash from/(used in) operating activities		**124,316**	85,097	**(2,133)**	(15,962)
CASH FLOWS FROM INVESTING ACTIVITIES					
Acquisition of:					
- Property, plant and equipment	(a)	**(348,156)**	(214,527)	**(12,427)**	(4,175)
- Land use rights	6	**(2,096)**	(906)	**-**	-
- Intangible assets	8	**(102)**	(1,114)	**-**	-
Additional investments in subsidiaries		**-**	-	**-**	(102,320)
Issuance of shares by a subsidiary to non-controlling interests		**-**	50,874	**-**	-
Capital distribution received from non-current assets held for distribution		**-**	5,073	**-**	5,073
Dividends received from subsidiaries	25	**-**	-	**49,488**	88,820
Income distribution from short term funds	27	**1,683**	1,048	**155**	129
Inter-company receipts		**-**	-	**5,982**	16,750
Interest received	26	**942**	2,506	**2,224**	5,187
Net change in short term funds		**(5,393)**	(4,664)	**4,755**	2,539
Proceeds from disposal of property, plant and equipment		**1,460**	899	**132**	220
Net cash (used in)/from investing activities		**(351,662)**	(160,811)	**50,309**	12,223

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (continued)

		Group		Company	
		2018	2017	2018	2017
	Note	RM'000	RM'000	RM'000	RM'000
CASH FLOWS FROM FINANCING ACTIVITIES					
Drawdown of term loans		**257,767**	109,849	**8,600**	-
Dividend paid to owners of the Company	33	**(17,767)**	(17,767)	**(17,767)**	(17,767)
Net drawdown of trade facilities and revolving credits		**18,540**	57,123	**(32,220)**	24,202
Repayments of term loans		**(48,731)**	(49,922)	**-**	-
Net cash from/(used in) financing activities		**209,809**	99,283	**(41,387)**	6,435
Net (decrease)/increase in cash and cash equivalents		**(17,537)**	23,569	**6,789**	2,696
Effects of exchange rate changes on cash and cash equivalents		**1,124**	(2,059)	**-**	-
Cash and cash equivalents at 1 January		**139,304**	117,794	**6,174**	3,478
Cash and cash equivalents at 31 December	17	**122,891**	139,304	**12,963**	6,174
Note (a)					
Additions of property, plant and equipment	5	**(403,105)**	(172,107)	**(32,203)**	(3,708)
Settlement through contra of inter-companies balances		**-**	-	**18,885**	-
Net movement in prepayments for acquisition of property, plant and equipment		**54,949**	(42,420)	**891**	(467)
		(348,156)	(214,527)	**(12,427)**	(4,175)
Reconciliation of liabilities arising from financing activities					
Loans and borrowings at 1 January		**573,285**	455,944	**37,857**	13,655
Cash flows		**227,576**	117,050	**(23,620)**	24,202
<u>Non-cash flows:</u>					
Effect of foreign exchange		**548**	291	**-**	-
Loans and borrowings at 31 December	21	**801,409**	573,285	**14,237**	37,857

The accompanying notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

1. CORPORATE INFORMATION

Kian Joo Can Factory Berhad ("the Company") is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad.

The registered office and principal place of business of the Company is located at Lot No. 10, Jalan Perusahaan Satu, 68100 Batu Caves, Selangor Darul Ehsan.

The consolidated financial statements for the financial year ended 31 December 2018 comprise the Company and its subsidiaries. These financial statements are presented in Ringgit Malaysia ("RM"), which is also the functional currency of the Company. All the financial information presented in RM has been rounded to the nearest thousand ("RM'000"), unless otherwise stated.

The financial statements were authorised for issue in accordance with a resolution by the Board of Directors on 26 March 2019.

2. PRINCIPAL ACTIVITIES

The principal activities of the Company are manufacture and distribution of tin cans and investment holding. The principal activities and the details of the subsidiaries are disclosed in Note 9 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

3. BASIS OF PREPARATION

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRSs") and the provisions of the Companies Act 2016 in Malaysia.

The accounting policies adopted are consistent with those of the previous financial year except for the effects of adoption of new MFRSs during the financial year. The new MFRSs and amendments to MFRSs adopted during the financial year are set out in Note 39.1 to the financial statements.

The Group and the Company applied MFRS 15 *Revenue from Contracts with Customers and* MFRS 9 *Financial Instruments* for the first time during the current financial year, using the cumulative effect method as at 1 January 2018. Consequently, the comparative information were not restated and are not comparable to the financial information of the current financial year.

The financial statements of the Group and of the Company have been prepared under the historical cost convention except as otherwise stated in the financial statements.

4. OPERATING SEGMENTS

The Group is principally engaged in manufacturing and distributing of tin cans, 2-piece aluminum beverage cans and corrugated fibreboard cartons, letting of property, provision of contract manufacturing services and investment holding.

The Group is structured into five (5) reportable segments that are organised and managed separately according to the nature of the products and services, specific expertise and technologies requirements, which requires different business and marketing strategies. The reportable segments are summarised as follows:

(i) Tin cans division - Manufacture and distribution of tin cans.

(ii) Aluminium cans division - Manufacture and distribution of aluminium cans.

(iii) Cartons division - Manufacture and distribution of corrugated fibreboard cartons.

(iv) Contract manufacturing division - Carbonated beverage and milk powder manufacturing on original equipment manufacturer basis.

(v) Trading division - Trading of the Group's products.

Except as indicated above, no operating segments have been aggregated to form the above reportable operating segments.

The Group evaluates performance on the basis of profit or loss from operations before tax.

Inter-segment revenue is priced along the same lines as sales to external customers and is eliminated in the consolidated financial statements. These policies have been applied consistently throughout the current and previous financial years.

4. OPERATING SEGMENTS (continued)

	Tin Cans Division		Aluminium Cans Division		Cartons Division		Contract Manufacturing Division		Trading Division		Others		Adjustments and eliminations		Per consolidated financial statements	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Revenue:																
External customers	**328,019**	325,915	**521,294**	527,645	**621,633**	544,580	**72,535**	94,933	**282,746**	345,098	**599**	718	**-**	-	**1,826,826**	1,838,889
Inter-segment	**264,765**	294,165	**39,588**	85,743	**5,730**	8,172	**7,069**	27,235	**234,636**	242,656	**2,730**	2,312	**(554,518)**	(660,283)	**-**	-
Total revenue	**592,784**	620,080	**560,882**	613,388	**627,363**	552,752	**79,604**	122,168	**517,382**	587,754	**3,329**	3,030	**(554,518)**	(660,283)	**1,826,826**	1,838,889
Results:																
Dividend income	**49,669**	28,140	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**(49,669)**	(28,140)	**-**	-
Depreciation and amortisation	**(30,118)**	(30,123)	**(34,153)**	(31,188)	**(22,102)**	(20,267)	**(3,947)**	(3,388)	**(43)**	(37)	**(804)**	(788)	**-**	-	**(91,167)**	(85,791)
(Loss)/Gain on fair value adjustments on derivative instruments	**-**	-	**(5,885)**	(154)	**2,941**	6,952	**-**	-	**-**	-	**-**	-	**-**	-	**(2,944)**	6,798
Interest income	**2,444**	5,377	**151**	271	**385**	1,664	**10**	18	**4,684**	249	**3**	4	**(6,735)**	(5,077)	**942**	2,506
Inventories written down	**(1,797)**	(1,985)	**-**	(4,626)	**(27)**	(84)	**-**	(1,470)	**-**	-	**-**	-	**-**	-	**(1,824)**	(8,165)
Inventories written off	**(2,337)**	(3,158)	**(12,174)**	(9,237)	**(277)**	(383)	**(448)**	(257)	**-**	-	**-**	-	**-**	-	**(15,236)**	(13,035)
Reversal of inventories written down	**4,507**	493	**12,787**	-	**239**	199	**1,691**	15	**-**	-	**-**	-	**-**	-	**19,224**	707
Segment profit/(loss)	**46,163**	83,532	**(19,446)**	13,074	**(13,411)**	(15,492)	**(3,002)**	6,271	**16,210**	17,237	**(1,675)**	67	**(462)**	(28,217)	**24,377**	76,472
Taxation	**(9,207)**	(9,764)	**(380)**	16,123	**(1,470)**	138	**166**	3,889	**(2,683)**	(3,428)	**(357)**	(402)	**-**	-	**(13,931)**	6,556
Assets:																
*Additions to non-current assets	**40,055**	38,465	**197,536**	90,504	**134,713**	30,725	**24,314**	14,112	**3,372**	190	**5,389**	131	**(76)**	-	**405,303**	174,127
Segment assets	**1,323,222**	1,304,091	**999,834**	929,483	**703,023**	606,195	**95,227**	110,776	**329,996**	278,291	**87,064**	64,455	**(803,632)**	(808,423)	**2,734,734**	2,484,868
Segment liabilities	**205,163**	205,420	**490,066**	421,738	**452,852**	341,626	**59,042**	71,444	**187,053**	146,681	**71,511**	67,934	**(301,740)**	(355,021)	**1,163,947**	899,822

*Additions to non-current assets consist of:

	2018 RM'000	2017 RM'000
Property, plant and equipment	**403,105**	172,107
Land use rights	**2,096**	906
Intangible assets	**102**	1,114
	405,303	174,127

The comparative figures for the financial year ended 31 December 2017 have been restated to conform with current year presentation.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

4. OPERATING SEGMENTS (continued)

(a) Geographical information

The Group's geographical information is based on the location of the Group's assets. In presenting on the basis of geographical areas, segment revenue is based on the geographical location from which the sale transactions originated.

Segment assets are based on the geographical location of the assets of the Group.

	Revenue		Non-current assets	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Revenue and non-current assets				
Malaysia	**1,025,817**	1,010,073	**981,201**	961,540
Vietnam	**572,678**	582,877	**228,303**	240,032
Singapore	**228,331**	245,939	**5,288**	8
Myanmar	**-**	-	**358,199**	128,830
Other	**-**	-	**43,383**	43,458
	1,826,826	1,838,889	**1,616,374**	1,373,868

Non-current assets information presented above consist of the following items as presented in the consolidated statement of financial position:

	2018 RM'000	2017 RM'000
Property, plant and equipment	**1,464,553**	1,166,548
Land use rights	**119,357**	119,200
Investment properties	**16,291**	16,635
Intangible assets	**790**	1,153
Deferred tax assets	**10,864**	10,864
Other assets	**4,519**	59,468
	1,616,374	1,373,868

(b) Major customer

The Group does not have significant reliance on a single major customer, with whom the Group transacted ten (10) percent or more of its revenue during the financial year.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

5. PROPERTY, PLANT AND EQUIPMENT

Group	Land and buildings* RM'000	Plant, machinery and equipment RM'000	Furniture, fittings and office equipment RM'000	Motor vehicles RM'000	Spare parts RM'000	Capital work-in-progress RM'000	Total RM'000
At 31 December 2018							
At cost							
At 1 January 2018	493,322	1,405,359	80,798	15,153	41,158	118,172	2,153,962
Additions	69,706	167,515	6,030	1,459	19,887	138,508	403,105
Reclassifications	140,737	62,869	55	-	(606)	(203,055)	-
Disposals	-	(1,239)	(8)	(2,071)	-	-	(3,318)
Net usage for the year (Note b)	-	-	-	-	(15,226)	-	(15,226)
Write off	-	(223)	(8)	-	-	(287)	(518)
Exchange differences	-	-	2	-	-	765	767
At 31 December 2018	703,765	1,634,281	86,869	14,541	45,213	54,103	2,538,772
Accumulated depreciation and impairment loss							
At 1 January 2018	120,997	789,225	66,023	11,169	-	-	987,414
Depreciation charge for the financial year	9,406	71,438	7,006	1,658	-	-	89,508
Disposals	-	(706)	(5)	(1,949)	-	-	(2,660)
Write off	-	(36)	(7)	-	-	-	(43)
At 31 December 2018	130,403	859,921	73,017	10,878	-	-	1,074,219
Net carrying amount							
At 31 December 2018	573,362	774,360	13,852	3,663	45,213	54,103	1,464,553

5. PROPERTY, PLANT AND EQUIPMENT (continued)

Group	Land and buildings* RM'000	Plant, machinery and equipment RM'000	Furniture, fittings and office equipment RM'000	Motor vehicles RM'000	Spare parts RM'000	Capital work-in-progress RM'000	Total RM'000
At 31 December 2017							
At cost							
At 1 January 2017	499,952	1,364,406	77,773	16,956	36,526	49,397	2,045,010
Additions	1,532	54,962	5,857	329	23,556	85,871	172,107
Reclassifications	27	14,408	2,732	-	-	(17,167)	-
Disposals	-	(1,967)	(60)	(1,863)	-	-	(3,890)
Net usage for the year (Note b)	-	-	-	-	(18,924)	-	(18,924)
Write off	-	(6,467)	(1,946)	-	-	(22)	(8,435)
Exchange differences	(8,189)	(19,983)	(3,558)	(269)	-	93	(31,906)
At 31 December 2017	493,322	1,405,359	80,798	15,153	41,158	118,172	2,153,962
Accumulated depreciation and impairment loss							
At 1 January 2017	112,687	740,712	62,328	11,207	-	-	926,934
Depreciation charge for the financial year	9,247	63,098	8,429	1,733	-	-	82,507
Disposals	-	(1,107)	(60)	(1,714)	-	-	(2,881)
Write off	-	(6,463)	(1,946)	-	-	-	(8,409)
Exchange differences	(937)	(7,015)	(2,728)	(57)	-	-	(10,737)
At 31 December 2017	120,997	789,225	66,023	11,169	-	-	987,414
Net carrying amount							
At 31 December 2017	372,325	616,134	14,775	3,984	41,158	118,172	1,166,548

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

5. PROPERTY, PLANT AND EQUIPMENT (continued)

Company	Land and buildings* RM'000	Plant, machinery and equipment RM'000	Furniture, fittings and office equipment RM'000	Motor vehicles RM'000	Spare parts RM'000	Capital work-in-progress RM'000	Total RM'000
At 31 December 2018							
At cost							
At 1 January 2018	114,789	143,935	18,286	5,007	2,039	83	284,139
Additions	380	10,986	185	1,144	623	-	13,318
Transfer from subsidiaries	-	18,808	-	77	-	-	18,885
Disposals	-	(29)	-	(428)	-	-	(457)
Net usage for the year (Note b)	-	-	-	-	(667)	-	(667)
At 31 December 2018	115,169	173,700	18,471	5,800	1,995	83	315,218
Accumulated depreciation and impairment loss							
At 1 January 2018	25,454	119,902	16,235	3,495	-	-	165,086
Depreciation charge for the financial year	1,744	4,681	575	747	-	-	7,747
Disposals	-	(29)	-	(416)	-	-	(445)
At 31 December 2018	27,198	124,554	16,810	3,826	-	-	172,388
Net carrying amount							
At 31 December 2018	87,971	49,146	1,661	1,974	1,995	83	142,830

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

5. PROPERTY, PLANT AND EQUIPMENT (continued)

Company	Land and buildings* RM'000	Plant, machinery and equipment RM'000	Furniture, fittings and office equipment RM'000	Motor vehicles RM'000	Spare parts RM'000	Capital work-in-progress RM'000	Total RM'000
At 31 December 2017							
At cost							
At 1 January 2017	114,789	142,089	18,054	5,522	1,614	83	282,151
Additions	-	2,153	232	65	1,258	-	3,708
Disposals	-	(307)	-	(580)	-	-	(887)
Net usage for the year (Note b)	-	-	-	-	(833)	-	(833)
At 31 December 2017	114,789	143,935	18,286	5,007	2,039	83	284,139
Accumulated depreciation and impairment loss							
At 1 January 2017	23,710	116,249	15,380	3,365	-	-	158,704
Depreciation charge for the financial year	1,744	3,948	855	710	-	-	7,257
Disposals	-	(295)	-	(580)	-	-	(875)
At 31 December 2017	25,454	119,902	16,235	3,495	-	-	165,086
Net carrying amount							
At 31 December 2017	89,335	24,033	2,051	1,512	2,039	83	119,053

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

5. PROPERTY, PLANT AND EQUIPMENT (continued)

*** Land and buildings:**

Group	Freehold land RM'000	Leasehold land RM'000	Buildings RM'000	Total RM'000
At 31 December 2018				
At cost				
At 1 January 2018	**86,136**	**93,016**	**314,170**	**493,322**
Additions	**9,766**	**-**	**59,940**	**69,706**
Reclassifications	**-**	**-**	**140,737**	**140,737**
At 31 December 2018	**95,902**	**93,016**	**514,847**	**703,765**
Accumulated depreciation and impairment loss				
At 1 January 2018	**4,388**	**17,488**	**99,121**	**120,997**
Depreciation charge for the financial year	**-**	**1,381**	**8,025**	**9,406**
At 31 December 2018	**4,388**	**18,869**	**107,146**	**130,403**
Net carrying amount				
At 31 December 2018	**91,514**	**74,147**	**407,701**	**573,362**
At 31 December 2017				
At cost				
At 1 January 2017	86,136	93,016	320,800	499,952
Additions	-	-	1,532	1,532
Reclassifications	-	-	27	27
Exchange differences	-	-	(8,189)	(8,189)
At 31 December 2017	86,136	93,016	314,170	493,322
Accumulated depreciation and impairment loss				
At 1 January 2017	4,388	16,106	92,193	112,687
Depreciation charge for the financial year	-	1,382	7,865	9,247
Exchange differences	-	-	(937)	(937)
At 31 December 2017	4,388	17,488	99,121	120,997
Net carrying amount				
At 31 December 2017	81,748	75,528	215,049	372,325

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

5. PROPERTY, PLANT AND EQUIPMENT (continued)

*** Land and buildings (continued):**

Company	Freehold land RM'000	Leasehold land RM'000	Buildings RM'000	Total RM'000
At 31 December 2018				
At cost				
At 1 January 2018	39,959	39,790	35,040	114,789
Additions	-	-	380	380
At 31 December 2018	39,959	39,790	35,420	115,169
Accumulated depreciation and impairment loss				
At 1 January 2018	1,639	7,300	16,515	25,454
Depreciation charge for the financial year	-	570	1,174	1,744
At 31 December 2018	1,639	7,870	17,689	27,198
Net carrying amount				
At 31 December 2018	38,320	31,920	17,731	87,971
At 31 December 2017				
At cost				
At 1 January 2017/31 December 2017	39,959	39,790	35,040	114,789
Accumulated depreciation and impairment loss				
At 1 January 2017	1,639	6,730	15,341	23,710
Depreciation charge for the financial year	-	570	1,174	1,744
At 31 December 2017	1,639	7,300	16,515	25,454
Net carrying amount				
At 31 December 2017	38,320	32,490	18,525	89,335

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

5. PROPERTY, PLANT AND EQUIPMENT (continued)

(a) All items of property, plant and equipment are initially recorded at cost. After initial recognition, property, plant and equipment are stated at cost less any accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated to write off the cost of the assets to their residual values on a straight line basis over their estimated useful lives. The estimated useful lives represent common life expectancies applied in the industry within which the Group operates.

Leasehold land	1½%
Buildings	2% - 2½%
Plant, machinery and equipment	6⅔% - 33⅓%
Furniture, fittings and office equipment	10% - 50%
Motor vehicles	20%

Freehold land has unlimited useful life and is not depreciated. Capital work-in-progress represents equipment in progress, which is also not depreciated as these assets are not available for use.

(b) Spare parts, which are held for use in the production of supply of goods are expected to be used during more than one period, and thus are classified as property, plant and equipment. The cost of spare parts utilised are charged out to profit or loss. During the financial year, spare parts consumed out of the Group's and of the Company's property, plant and equipment amounted to RM15,226,000 (2017: RM18,924,000) and RM667,000 (2017: RM833,000) respectively. These are classified as upkeep of machinery under cost of sales in the statements of profit or loss and other comprehensive income.

(c) The leasehold land of the Group and of the Company have remaining tenure of 38 to 62 (2017: 39 to 63) years. The Group and the Company have assessed and classified long term leasehold land as finance leases based on the extent to which risks and rewards incidental to ownership of the land resides with the Group and the Company arising from the lease term. Consequently, the Group and the Company have classified the long term leasehold land as finance leases in accordance with MFRS 117 *Leases*.

(d) Impairment assessment

The Group assessed whether there were any indicators of impairment during the financial year. In doing this, management considered the current environments and performance of the Cash Generating Units ("CGU"). Management considered the continued losses in certain operating subsidiaries in the current financial year as impairment indicators. These subsidiaries collectively held RM132,724,000 in carrying amount of property, plant and equipment as at 31 December 2018.

A CGU's recoverable amount is determined as being the higher of the CGU's fair value less costs of disposal and its value in use. Where the value in use model was used, management has made estimates about the future results and key assumptions applied to cash flow projections of the CGU's. These key assumptions include forecast growth in future revenues and operating profit margins, as well as determining an appropriate pre-tax discount rate and growth rate. Management has determined that the recoverable amounts are in excess of the carrying amounts of the property, plant and equipment and no impairment has been recorded in the current financial year.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

6. LAND USE RIGHTS

	Group	
	2018	**2017**
	RM'000	**RM'000**
Cost		
At 1 January	**125,310**	137,614
Additions	**2,096**	906
Exchange differences	**(1,042)**	(13,210)
At 31 December	**126,364**	125,310
Accumulated amortisation		
At 1 January	**6,110**	4,305
Amortisation charge during the financial year	**850**	2,327
Exchange differences	**47**	(522)
At 31 December	**7,007**	6,110
Net carrying amount		
At 31 December	**119,357**	119,200

(a) Land use rights are initially measured at cost. Following initial recognition, land use rights are measured at cost less accumulated amortisation and accumulated impairment losses. The land use rights are amortised over their lease terms.

(b) The land use rights of the Group have a remaining tenure of 28 to 46 (2017: 29 to 47) years.

(c) The Group has assessed and classified land use rights of the Group as operating leases as management has determined that the risks and rewards incidental to ownership of the land do not reside with the Group. Consequently, the Group has classified the land use rights as operating leases in accordance with MFRS 117 *Leases*.

7. INVESTMENT PROPERTIES

	Group		Company	
	2018	**2017**	**2018**	**2017**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Cost				
At 1 January/31 December	**21,190**	21,190	**20,419**	20,419
Accumulated depreciation				
At 1 January	**4,555**	4,211	**4,238**	3,918
Depreciation charge for the financial year	**344**	344	**320**	320
At 31 December	**4,899**	4,555	**4,558**	4,238
Net carrying amount				
At 31 December	**16,291**	16,635	**15,861**	16,181

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

7. INVESTMENT PROPERTIES (continued)

Representing investment properties held under lease terms:

	Group		Company	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Leasehold lands	**9,545**	9,682	**9,416**	9,546
Buildings	**6,746**	6,953	**6,445**	6,635
	16,291	16,635	**15,861**	16,181

(a) Investment properties are initially measured at cost, which includes transaction costs. After initial recognition, investment properties are stated at cost less any accumulated depreciation and any accumulated impairment losses. The investment properties are depreciated over the lease terms.

(b) Investment properties of the Group and of the Company comprise leasehold lands and buildings, which are held under lease terms and are leased to third parties. The leasehold lands of the Group and of the Company have remaining tenure of 18 to 72 (2017: 19 to 73) years.

(c) Investment properties of the Group and of the Company at Level 3 fair values are approximately RM77,300,000 and RM75,000,000 (2017: RM77,300,000 and RM75,000,000) respectively, which are based on the estimates of market value by the Directors.

8. INTANGIBLE ASSETS

Intangible assets represent computer software cost and goodwill arising from acquisition of a subsidiary.

Group	Goodwill RM'000	Computer software RM'000	Total RM'000
At 31 December 2018			
At cost			
At 1 January 2018	**2,375**	**6,327**	**8,702**
Additions	**-**	**102**	**102**
At 31 December 2018	**2,375**	**6,429**	**8,804**
Accumulated amortisation and impairment loss			
At 1 January 2018	**2,375**	**5,174**	**7,549**
Amortisation charge during the financial year	**-**	**465**	**465**
At 31 December 2018	**2,375**	**5,639**	**8,014**
Net carrying amount			
At 31 December 2018	**-**	**790**	**790**

8. INTANGIBLE ASSETS (continued)

Group	Goodwill RM'000	Computer software RM'000	Total RM'000
At 31 December 2017			
At cost			
At 1 January 2017	2,375	5,241	7,616
Additions	-	1,114	1,114
Exchange difference	-	(28)	(28)
At 31 December 2017	2,375	6,327	8,702
Accumulated amortisation and impairment loss			
At 1 January 2017	2,375	4,577	6,952
Amortisation charge during the financial year	-	613	613
Exchange difference	-	(16)	(16)
At 31 December 2017	2,375	5,174	7,549
Net carrying amount			
At 31 December 2017	-	1,153	1,153

Company	Computer software 2018 RM'000	Computer software 2017 RM'000
At cost		
At 1 January	**1,775**	1,775
Additions	**-**	-
At 31 December	**1,775**	1,775
Accumulated amortisation		
At 1 January	**1,774**	1,728
Amortisation charge during the financial year	**1**	46
At 31 December	**1,775**	1,774
Net carrying amount		
At 31 December	**-**	1

Computer software is deemed as intangible assets with finite useful lives that are initially measured at cost. After initial recognition, computer software is stated at cost less any accumulated amortisation and any impairment losses.

Amortisation is calculated to write off the cost of the assets to their residual values on a straight line basis over their estimated useful lives of two (2) years.

NOTES TO THE FINANCIAL STATEMENTS
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9. INVESTMENTS IN SUBSIDIARIES

	Company	
	2018	2017
	RM'000	RM'000
At cost:		
- quoted shares	**81,726**	81,726
- unquoted shares	**347,258**	347,258
	428,984	428,984
Capital contribution to a subsidiary	**46,928**	-
	475,912	428,984
Less: Accumulated impairment losses	**(1,000)**	(1,000)
	474,912	427,984
At market value:		
- quoted shares in Malaysia	**66,026**	82,532

(a) Investments in subsidiaries are stated in the separate financial statements at cost less impairment losses.

All components of non-controlling interests shall be measured at their acquisition-date fair values, unless another measurement basis is required by MFRSs. The choice of measurement basis is made on a combination-by-combination basis. Subsequent to initial recognition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

(b) The advance to a subsidiary is deemed by the Company as a capital contribution as it is considered as a long term investment, which is unsecured, interest free and and settlement is neither planned not likely to occur in the foreseeable future.

(c) The details of the subsidiaries are as follows:

Name of company	Country of incorporation	Effective interest in equity[(1)] 2018 %	Effective interest in equity[(1)] 2017 %	Principal activities
Box-Pak (Malaysia) Bhd.	Malaysia	**55**	55	Corrugated fibre board carton manufacturer
Federal Metal Printing Factory, Sdn. Berhad	Malaysia	**100**	100	Can manufacturer
Indastri Kian Joo Sdn. Bhd.	Malaysia	**100**	100	Letting out of factory building
Kian Joo Can (Vietnam) Co., Ltd. [(2)]	Vietnam	**100**	100	Can manufacturer
Kian Joo Packaging Sdn. Bhd.	Malaysia	**100**	100	Letting out factory building
Kian Joo Canpack Sdn. Bhd.	Malaysia	**100**	100	Provision of contract manufacturing

9. INVESTMENTS IN SUBSIDIARIES (continued)

(c) The details of the subsidiaries are as follows (continued):

Name of company	Country of incorporation	Effective interest in equity[1] 2018 %	2017 %	Principal activities
Kian Joo Canpack (Shah Alam) Sdn. Bhd.	Malaysia	**100**	100	Provision of contract packing services
KJ Can (Johore) Sdn. Bhd.	Malaysia	**100**	100	Can manufacturer
KJ Can (Selangor) Sdn. Bhd.	Malaysia	**100**	100	Can manufacturer
KJM Aluminium Can Sdn. Bhd.	Malaysia	**100**	100	2-piece aluminium retortable can manufacturer
Metal-Pak (Malaysia) Sdn. Bhd.	Malaysia	**100**	100	Can manufacturer
Kian Joo Cans Distribution Sdn. Bhd.	Malaysia	**100**	100	Dormant
KJO International Sdn. Bhd.	Malaysia	**100**	100	Investment holdings
KJ Can (Singapore) Pte. Ltd. [3]	Singapore	**100**	100	Trading
PT. KJ Canmax [3]	Indonesia	**100**	100	Can manufacturer
PT. KJ Canco [3]	Indonesia	**100**	100	Dormant
PT. KJ Box-Pak [3]	Indonesia	**55**	55	Dormant
Box-Pak (Johore) Sdn. Bhd.	Malaysia	**55**	55	Dormant
BP MPak Sdn. Bhd.	Malaysia	**55**	55	Corrugated fibre board carton manufacturer
Box-Pak (Vietnam) Co., Ltd. [2]	Vietnam	**55**	55	Corrugated fibre board carton manufacturer
Box-Pak (Hanoi) Co., Ltd. [2]	Vietnam	**55**	55	Corrugated fibre board carton manufacturer
Bintang Seribu Sdn. Bhd.	Malaysia	**100**	100	Letting out factory building
Great Asia Tin Cans Factory Company, Sdn. Berhad	Malaysia	**100**	100	Letting out factory building
Kian Joo Manufacturing Sdn. Bhd.	Malaysia	**100**	100	Dormant
BP Pak (Singapore) Pte. Ltd. [3]	Singapore	**55**	55	Investment holding
Kianjoo Can (Myanmar) Company Limited [2]	Myanmar	**100**	100	Can manufacturer
Boxpak (Myanmar) Company Limited [2]	Myanmar	**55**	55	Corrugated fibre board carton manufacturer

NOTES TO THE FINANCIAL STATEMENTS
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9. INVESTMENTS IN SUBSIDIARIES (continued)

(c) The details of the subsidiaries are as follows (continued):

Name of company	Country of incorporation	Effective interest in equity[(1)] 2018 %	Effective interest in equity[(1)] 2017 %	Principal activities
KJ TOGO Pte. Ltd. [(3)]	Singapore	**100**	100	Dormant
KJ TOGO (Malaysia) Sdn. Bhd.	Malaysia	**100**	100	Dormant

Notes:

(1) *Equals to the proportion of voting rights held*

(2) *Subsidiaries audited by BDO Member Firms*

(3) *Audited by a firm other than BDO PLT*

(d) In the previous financial year, the Company subscribed additional shares in its subsidiaries, as follows:

i) On 14 March 2017, the Company subscribed for an additional 33,106,121 ordinary shares at RM1.89 each pursuant to the Rights Issue with Warrants by a subsidiary, Box-Pak (Malaysia) Bhd. ("BPM") at a total consideration of RM62,571,000 by way of cash consideration. In relation thereto, 8,267,530 of Warrants was granted to the Company. Following the Rights Issue with Warrants, the Company now holds 54.99% effective equity interest in BPM.

ii) On 28 August 2017, the Company subscribed for an additional 1,000,000 ordinary shares at RM5.00 each at a total consideration of RM5,000,000 in wholly-owned subsidiary, Kian Joo Canpack Sdn. Bhd. by way of cash consideration.

iii) On 8 September 2017, the Company subscribed for an additional 1,000,000 ordinary shares at SGD6.709 each at a total consideration of SGD6,709,000 (equivalent to RM21,332,500) in wholly-owned subsidiary, KJ Can (Singapore) Pte. Ltd. ("KSG") by way of cash consideration.

iv) On 28 September 2017, the Company subscribed for an additional 1,000,000 ordinary shares at RM120.00 each at a total consideration of RM120,000,000 in wholly-owned subsidiary, KJM Aluminium Can Sdn. Bhd. ("KJM") by way of capitalising the amount of RM120,000,000 owing by the KJM to the Company.

v) On 28 September 2017, the Company subscribed for an additional 1,000,000 ordinary shares at RM19.00 each at a total consideration of RM19,000,000 in wholly-owned subsidiary, Kian Joo Cans Distribution Sdn. Bhd. ("KJCD") by way of capitalising the amount of RM19,000,000 owing by KJCD to the Company.

vi) On 28 September 2017, the Company subscribed for an additional 1,000,000 ordinary shares at RM4.60 each at a total consideration of RM4,600,000 in wholly-owned subsidiary, KJO International Sdn. Bhd. ("KJO") by way of capitalising the amount of RM4,600,000 owing by KJO to the Company.

vii) On 28 September 2017, the Company subscribed for an additional 1,999,998 ordinary shares at RM1.00 each at a total consideration of RM1,999,998 in wholly-owned subsidiary, Kian Joo Manufacturing Sdn. Bhd. by way of cash consideration.

viii) On 29 December 2017, the Company subscribed for an additional 700,000 ordinary shares at SGD5.3464 each at a total consideration of SGD3,742,480 (equivalent to RM11,417,000) in wholly-owned subsidiary, KSG by way of cash consideration.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

9. INVESTMENTS IN SUBSIDIARIES (continued)

(e) The subsidiaries of the Group that have material non-controlling interests ("NCI") are as follows:

	Box-Pak (Malaysia) Bhd.	
	2018	**2017**
	RM'000	**RM'000**
NCI percentage of ownership interest and voting interest	**45.01%**	45.01%
Carrying amount of NCI	**112,719**	119,200
Loss allocated to NCI	**(6,813)**	(6,930)

(f) The summarised financial information before intra-group elimination of the subsidiaries that have material NCI as at the end of each reporting period are as follows:

	Box-Pak (Malaysia) Bhd.	
	2018	**2017**
	RM'000	**RM'000**
Assets and liabilities		
Non-current assets	**377,089**	295,165
Current assets	**325,934**	311,030
Non-current liabilities	**(130,192)**	(49,428)
Current liabilities	**(322,660)**	(292,198)
	250,171	264,569
Results		
Revenue	**627,363**	552,752
Loss for the financial year	**(14,881)**	(15,354)
Other comprehensive income/(loss)	**737**	(15,492)
Total comprehensive loss	**(14,144)**	(30,846)
Cash Flows		
Cash outflows from operating activities	**(4,849)**	(47,869)
Cash outflows from investing activities	**(102,656)**	(64,610)
Cash inflows from financing activities	**87,609**	145,237
Net (decrease)/increase in cash and cash equivalents	**(19,896)**	32,758

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9. INVESTMENTS IN SUBSIDIARIES (continued)

(g) The fair value of investments in subsidiaries of the Company are categorised as follows:

Company	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
At 31 December 2018				
Investments in subsidiaries				
- market value of quoted shares in Malaysia	**66,026**	**-**	**-**	**66,026**
At 31 December 2017				
Investments in subsidiaries				
- market value of quoted shares in Malaysia	82,532	-	-	82,532

10. DEFERRED TAX (ASSETS)/LIABILITIES

The deferred tax assets and liabilities are made up of the following:

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
At 1 January	**2,676**	28,849	**(1,464)**	1,796
Recognised in profit or loss (Note 31)	**(262)**	(26,173)	**-**	(3,260)
At 31 December	**2,414**	2,676	**(1,464)**	(1,464)
Presented after appropriate offsetting:				
Deferred tax assets, net*	**(10,864)**	(10,864)	**(1,464)**	(1,464)
Deferred tax liabilities, net*	**13,278**	13,540	**-**	-
	2,414	2,676	**(1,464)**	(1,464)

* The amounts of set-off between deferred tax assets and deferred tax liabilities of the Group and of the Company were RM83,056,000 (2017: RM81,217,000) and RM17,801,000 (2017: RM17,801,000) respectively.

10. DEFERRED TAX (ASSETS)/LIABILITIES (continued)

(a) The components and movements of deferred tax assets and liabilities during the financial year prior to offsetting are as follows:

Deferred tax assets of the Group

Group	Provisions RM'000	Unutilised capital allowances RM'000	Unabsorbed tax losses RM'000	Unutilised reinvestment allowances RM'000	Unutilised value of increased exports RM'000	Total RM'000
At 31 December 2018						
At 1 January 2018	**(13,374)**	**(15,819)**	**(3,635)**	**(55,444)**	**(3,809)**	**(92,081)**
Recognised in profit or loss	**395**	**57**	**(807)**	**(1,484)**	**-**	**(1,839)**
At 31 December 2018	**(12,979)**	**(15,762)**	**(4,442)**	**(56,928)**	**(3,809)**	**(93,920)**
At 31 December 2017						
At 1 January 2017	(8,670)	(12,969)	(2,825)	(33,928)	-	(58,392)
Recognised in profit or loss	(4,704)	(2,850)	(810)	(21,516)	(3,809)	(33,689)
At 31 December 2017	(13,374)	(15,819)	(3,635)	(55,444)	(3,809)	(92,081)

Deferred tax liabilities of the Group

Group	Capital allowances and depreciation differences RM'000	Leasehold lands and buildings RM'000	Total RM'000
At 31 December 2018			
At 1 January 2018	**77,035**	**17,722**	**94,757**
Recognised in profit or loss	**3,530**	**(1,953)**	**1,577**
At 31 December 2018	**80,565**	**15,769**	**96,334**
At 31 December 2017			
At 1 January 2017	70,325	16,916	87,241
Recognised in profit or loss	6,710	806	7,516
At 31 December 2017	77,035	17,722	94,757

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

10. DEFERRED TAX (ASSETS)/LIABILITIES (continued)

(a) The components and movements of deferred tax assets and liabilities during the financial year prior to offsetting are as follows (continued):

Deferred tax assets of the Company

Company	Provisions RM'000	Unutilised capital allowances RM'000	Unutilised reinvestment allowances RM'000	Total RM'000
At 31 December 2018				
At 1 January 2018	**(2,568)**	**(3,144)**	**(13,553)**	**(19,265)**
Recognised in profit or loss	**-**	**-**	**-**	**-**
At 31 December 2018	**(2,568)**	**(3,144)**	**(13,553)**	**(19,265)**
At 31 December 2017				
At 1 January 2017	(26)	(2,896)	(13,451)	(16,373)
Recognised in profit or loss	(2,542)	(248)	(102)	(2,892)
At 31 December 2017	(2,568)	(3,144)	(13,553)	(19,265)

Deferred tax liabilities of the Company

Company	Capital allowance and depreciation differences RM'000	Leasehold lands and buildings RM'000	Total RM'000
At 31 December 2018			
At 1 January 2018	**11,800**	**6,001**	**17,801**
Recognised in profit or loss	**-**	**-**	**-**
At 31 December 2018	**11,800**	**6,001**	**17,801**
At 31 December 2017			
At 1 January 2017	12,897	5,272	18,169
Recognised in profit or loss	(1,097)	729	(368)
At 31 December 2017	11,800	6,001	17,801

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

10. DEFERRED TAX (ASSETS)/LIABILITIES (continued)

(b) The amounts of temporary differences for which no deferred tax assets have been recognised in the statements of financial position are as follows:

	Group		Company	
	2018	**2017**	**2018**	**2017**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Unabsorbed tax losses	**41,560**	41,699	**-**	-
Unutilised capital allowances	**139,167**	83,419	**23,863**	13,067
Other temporary differences	**-**	33,858	**552**	5,564
	180,727	158,976	**24,415**	18,631

Deferred tax assets of the Company and certain subsidiaries have not been recognised in respect of the above items as it is not probable that future taxable profits of the Group and of the Company would be available against which the deductible temporary differences could be utilised.

For the Malaysian entities, the unabsorbed tax losses and unutilised reinvestment allowances up to the year of assessment 2018 shall be deductible until year of assessment 2025 (within a period of seven (7) consecutive years of assessment). The unabsorbed tax losses and unutilised reinvestment allowances for the year of assessment 2019 onwards will expire after seven (7) consecutive years of assessment. The use of tax losses of subsidiaries in other countries is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the subsidiaries operate.

11. OTHER ASSETS

		Group		Company	
		2018	**2017**	**2018**	**2017**
	Note	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Current					
Prepayments	(a)	**8,388**	16,460	**2,259**	178
Non-current					
Prepayments	(b)	**4,519**	59,468	**-**	891

(a) These prepayments include advance payments to suppliers for purchase of raw materials.

(b) These are prepayments for acquisition of land and building, plant and machinery.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

12. AMOUNTS DUE FROM SUBSIDIARIES

	Company 2018 RM'000	Company 2017 RM'000
Non-current		
Trade receivables		
Amounts due from subsidiaries	**11**	4
Other receivables		
Amounts due from subsidiaries - loan to subsidiaries	**13,555**	18,248
Total amounts due from subsidiaries (non-current)	**13,566**	18,252
Current		
Trade receivables		
Amounts due from subsidiaries	**4,901**	34,200
Less: Impairment losses	**-**	-
	4,901	34,200
Other receivables		
Amounts due from subsidiaries	**6,123**	73,423
Less: Impairment losses	**-**	-
	6,123	73,423
Total amounts due from subsidiaries (current)	**11,024**	107,623
Total amounts due from subsidiaries (non-current and current)	**24,590**	125,875

(a) Amounts due from subsidiaries are classified as financial assets measured at amortised cost.

(b) Loans to subsidiaries are unsecured, bear interest at 4.90% (2017: 4.60% to 4.65%) per annum, and have an average maturity of 2 (2017: 2) years. The loans together with the interest receivable thereon are not payable within the next twelve (12) months.

(c) Non-trade amounts due from subsidiaries are unsecured, bear interest at 4.65% to 4.90% (2017: 4.65%) per annum and repayable within the next twelve (12) months except for an amount which is denominated in USD of RM153,462 (2017: RM150,463) that is unsecured, bears interest at 0.50% (2017: 0.50%) per annum and is repayable within the next twelve (12) months.

(d) Foreign currencies exposure of amounts due from subsidiaries of the Company are as follows:

	Company 2018 RM'000	Company 2017 RM'000
United States Dollar ("USD")	**3,367**	45,064
Others	**88**	265

12. AMOUNTS DUE FROM SUBSIDIARIES (continued)

(e) Sensitivity analysis of RM against foreign currency at the end of the reporting period, assuming that all other variables remain constant, is as follows:

	Company	
	2018	**2017**
	RM'000	**RM'000**
Effects of 3% changes to RM against foreign currency		
Profit after tax		
- USD	**77**	1,027

(f) Financial instruments that are not carried at fair values and whose carrying amounts are not reasonable approximation of fair values, are as follows:

	2018		2017	
	Carrying amount	**Fair value**	**Carrying amount**	**Fair value**
Company	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Other receivables (non-current)				
- at fixed rate	**13,566**	**12,932**	18,252	17,054

Fair value of the non-current other receivables of the Company are categorised as Level 3 in the fair value hierarchy. There is no transfer between levels in the hierarchy during the financial year.

(g) Impairment for amounts due from subsidiaries are recognised based on the general approach within MFRS 9 using the forward looking expected credit loss model. The methodology used to determine the amount of the impairment is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. For those in which the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses along with gross interest income are recognised. For those in which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. As at the end of the reporting period, the Company assesses whether there has been a significant increase in credit risk for financial assets by comparing the risk for default occurring over the expected life with the risk of default since initial recognition. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

The probability of non-payment by the subsidiaries is adjusted by forward looking information and multiplied by the amount of the expected loss arising from default to determine the twelve month or lifetime expected credit loss for the subsidiaries.

(h) No expected credit loss is recognised arising from amounts due from subsidiaries as it is negligible.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

13. INVENTORIES

	Group		Company	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
At cost				
Raw materials	**313,652**	310,666	**35,402**	20,447
Work-in-progress	**82,492**	66,114	**35,430**	18,334
Finished goods	**91,402**	101,779	**8,657**	2,302
Consumables	**15,183**	19,094	**758**	664
	502,729	497,653	**80,247**	41,747
At net realisable value				
Raw materials	**6,141**	10,203	**36**	53
Work-in-progress	**6,652**	7,567	**2,352**	2,608
Finished goods	**1,878**	1,591	**397**	146
Consumables	**372**	180	**3**	14
	15,043	19,541	**2,788**	2,821
	517,772	517,194	**83,035**	44,568

(a) Cost of raw materials, work-in-progress, finished goods and consumables is determined on first in, first out basis.

(b) During the financial year, the inventories of the Group and of the Company recognised as cost of sales amounted to RM1,646,035,000 (2017: RM1,612,390,000) and RM199,745,000 (2017: RM157,580,000) respectively.

(c) The Group and the Company recorded a charge to profit or loss pertaining to inventories written down to net realisable value of RM1,824,000 and RM1,509,000 (2017: RM8,165,000 and RM Nil) respectively.

(d) A reversal of write-down of inventories of the Group and of the Company amounting to RM19,224,000 (2017: RM707,000) and RM1,370,000 (2017: RM86,000) respectively were made due to increase in net realisable value of certain inventories.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

14. TRADE AND OTHER RECEIVABLES

		Group		Company	
		2018	2017	2018	2017
	Note	RM'000	RM'000	RM'000	RM'000
Trade receivables					
Third parties		**342,811**	335,438	**52,372**	8,100
Amounts due from related parties		**16,024**	14,865	**2,593**	14
		358,835	350,303	**54,965**	8,114
Less: Allowance for impairment		**(792)**	(2,281)	**(58)**	-
Trade receivables, net	(b)	**358,043**	348,022	**54,907**	8,114
Other receivables					
Other receivables		**50,570**	29,681	**21,714**	14,440
Refundable deposits		**7,493**	5,072	**3,273**	2,873
Other receivables, net		**58,063**	34,753	**24,987**	17,313
Total trade and other receivables		**416,106**	382,775	**79,894**	25,427
Financial instruments classification:					
Total trade and other receivables		**416,106**	382,775	**79,894**	25,427
Cash and bank balances	17	**122,891**	139,304	**12,963**	6,174
		538,997	522,079	**92,857**	31,601
Amounts due from subsidiaries	12	**-**	-	**24,590**	125,875
Total financial assets at amortised cost		**538,997**	522,079	**117,447**	157,476

(a) Total trade and other receivables are classified as financial assets measured at amortised cost.

(b) Trade receivables are non-interest bearing and the normal trade credit terms granted by the Group and the Company ranges from 30 to 90 (2017: 30 to 90) days from the date of invoice. They are recognised at their original invoice amounts, which represent their fair values on initial recognition.

(c) The Group and the Company have entered into a non-recourse receivables financing agreement with the financial institution where rights for collection and significantly all risk and rewards over the receivables under the financing agreement have been transferred to the financial institution. Consequently, RM44,566,000 (2017: RM32,984,000) and RM Nil (2017: RM2,831,000) of the Group and of the Company respectively have been de-recognised from the trade receivables balances as at 31 December 2018.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

14. TRADE AND OTHER RECEIVABLES (continued)

(d) Impairment for trade receivables are recognised based on the simplified approach using the lifetime expected credit losses.

The Group and the Company consider credit loss experience and observable data such as current changes and future forecasts in economic conditions by market segment of the Group as identified in Note 4 to the financial statements to estimate the amount of expected impairment loss. The methodology and assumptions including any forecasts of future economic conditions are reviewed regularly.

During this process, the probability of non-payment by the trade receivables is adjusted by forward looking information and multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For trade receivables, which are reported net, such impairments are recorded in a separate impairment account with the loss being recognised within administrative expenses in the consolidated statement of profit or loss and other comprehensive income. On confirmation that the trade receivable would not be collectable, the gross carrying value of the asset would be written off against the associated impairment.

It requires management to exercise significant judgement in determining the probability of default by trade receivables and appropriate forward looking information.

(e) The reconciliation of movements in allowance for impairment accounts is as follows:

Group	Lifetime expected credit loss allowance RM'000	Credit impaired RM'000	Total allowance RM'000
At 1 January 2018 under MFRS 139	**-**	**2,281**	**2,281**
Restated through opening retained earnings	**1,285**	**-**	**1,285**
Opening impairment loss of trade receivables in accordance with MFRS 9	**1,285**	**2,281**	**3,566**
Charge for the financial year	**409**	**239**	**648**
Reversal of impairment loss	**(1,285)**	**(2,137)**	**(3,422)**
At 31 December 2018	**409**	**383**	**792**
At 1 January 2017 under MFRS 139	-	1,906	1,906
Charge for the financial year	-	1,260	1,260
Reversal of impairment loss	-	(162)	(162)
Written off	-	(723)	(723)
At 31 December 2017	-	2,281	2,281

Company	Lifetime expected credit loss allowance RM'000
At 1 January 2018 under MFRS 139	**-**
Restated through opening retained earnings	**45**
Opening impairment loss of trade receivables in accordance with MFRS 9	**45**
Charge for the financial year	**58**
Reversal of impairment loss	**(45)**
At 31 December 2018	**58**

Credit impaired refers to individually determined debtors who are in significant financial difficulties and have defaulted on payments to be impaired as at the end of the reporting period.

NOTES TO THE FINANCIAL STATEMENTS
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14. TRADE AND OTHER RECEIVABLES (continued)

(f) As at the end of each reporting period, the credit risks exposures and concentration relating to trade receivables of the Group and of the Company are summarised in the table below:

	Group		Company	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Maximum exposure	**358,043**	348,022	**54,907**	8,114
Collateral obtained	**(144,236)**	-	**(42,027)**	-
Net exposure to credit risk	**213,807**	348,022	**12,880**	8,114

The above collateral are credit insurance obtained by the Group and the Company.

(g) The ageing analysis of trade receivables of the Group and of the Company are as follows:

Group	Gross carrying amount RM'000	Total allowance RM'000	Balance as at 31.12.2018 RM'000
2018			
Current	**202,907**	**(146)**	**202,761**
Past due			
1 to 30 days	**92,689**	**(148)**	**92,541**
31 to 60 days	**34,342**	**(62)**	**34,280**
61 to 90 days	**14,058**	**(29)**	**14,029**
91 to 120 days	**5,712**	**(17)**	**5,695**
More than 121 days	**9,127**	**(390)**	**8,737**
	155,928	**(646)**	**155,282**
	358,835	**(792)**	**358,043**
2017*			
Current	231,144	-	231,144
Past due			
1 to 30 days	77,831	-	77,831
31 to 60 days	20,687	-	20,687
61 to 90 days	7,847	-	7,847
91 to 120 days	3,913	-	3,913
More than 121 days	8,881	(2,281)	6,600
	119,159	(2,281)	116,878
	350,303	(2,281)	348,022

NOTES TO THE FINANCIAL STATEMENTS
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14. TRADE AND OTHER RECEIVABLES (continued)

(g) The ageing analysis of trade receivables of the Group and of the Company are as follows (continued):

Company	Gross carrying amount RM'000	Total allowance RM'000	Balance as at 31.12.2018 RM'000
2018			
Current	**50,748**	**(26)**	**50,722**
Past due			
1 to 30 days	**3,438**	**(19)**	**3,419**
31 to 60 days	**746**	**(11)**	**735**
61 to 90 days	**12**	**(1)**	**11**
91 to 120 days	**-**	**-**	**-**
More than 121 days	**21**	**(1)**	**20**
	4,217	**(32)**	**4,185**
	54,965	**(58)**	**54,907**
2017*			
Current	7,067	-	7,067
Past due			
1 to 30 days	3	-	3
31 to 60 days	1,030	-	1,030
61 to 90 days	14	-	14
	1,047	-	1,047
	8,114	-	8,114

* Comparative information as required under MFRS 139 *Financial Instruments: Recognition and Measurement.*

(h) No expected credit loss is recognised arising from other receivables as it is negligible.

(i) Credit risk concentration profile

The Group does not have any significant exposure to any individual customer or counterparty nor does it have any major concentration of credit risk related to any financial instruments.

As at the end of reporting period, approximately 57% (2017: 55%) of the Company's trade receivables were due from 14 (2017: 2) major customers.

NOTES TO THE FINANCIAL STATEMENTS
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14. TRADE AND OTHER RECEIVABLES (continued)

(j) The foreign currencies exposure profile of trade and other receivables are as follows:

	Group		Company	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
United States Dollar ("USD")	**48,656**	59,794	**2,991**	7,947
Singapore Dollar ("SGD")	**5,315**	14,968	**-**	10
Euro ("EURO")	**1,133**	-	**-**	-
Thai Baht ("THB")	**1,831**	3,009	**-**	-
Others	**5**	-	**-**	-
	56,940	77,771	**2,991**	7,957

(k) Sensitivity analysis of RM against foreign currencies at the end of the reporting period, assuming that all other variables remain constant, are as follows:

	Group		Company	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Effects of 3% changes to RM against foreign currencies				
Profit after tax				
- USD	**1,109**	1,363	**68**	181
- SGD	**121**	341	**-**	-
- EURO	**26**	-	**-**	-
- THB	**42**	69	**-**	-

The exposure to the other currencies is not significant, hence the effect of the changes in the exchange rates is not explained.

15. DERIVATIVE FINANCIAL ASSETS/(LIABILITIES)

Group	Contract/ Notional amount RM'000	Assets RM'000	Liabilities RM'000
At 31 December 2018			
Hedging derivatives:			
Cross currency interest rate swap contracts	**17,953**	**54**	**(54)**
Commodity contracts	**95,640**	**-**	**(6,496)**
Interest rate swap contract	**290,185**	**-**	**(2,520)**
Non-hedging derivatives:			
Cross-currency swap contract	**7,495**	**-**	**(2,676)**
Foreign currency forward contracts	**804**	**-**	**(4)**
		54	**(11,750)**

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15. DERIVATIVE FINANCIAL ASSETS/(LIABILITIES) (continued)

Group	Contract/ Notional amount RM'000	Assets RM'000	Liabilities RM'000
At 31 December 2018			
Current		**54**	**(9,777)**
Non-current		**-**	**(1,973)**
		54	**(11,750)**
At 31 December 2017			
Hedging derivatives:			
Cross currency interest rate swap contracts	21,055	184	(209)
Non-hedging derivatives:			
Commodity contracts	77,166	5,885	-
Cross currency interest rate swap contract	16,489	-	(5,567)
Foreign currency forward contracts	3,040	-	(55)
		6,069	(5,831)
Current		6,069	(3,301)
Non-current		-	(2,530)
		6,069	(5,831)

(a) Non-hedging derivative assets and liabilities are measured at fair value through profit or loss whereas hedging derivative assets and liabilities are measured at fair value through other comprehensive income.

(b) The Company has no derivative contracts outstanding as at 31 December 2018 and 31 December 2017.

(c) In the financial year ended 2012, the Group obtained a term loan denominated in RM from a financial institution, with whom the Group entered into a USD/RM cross currency interest rate swap contract. The term loan was subsequently converted into USD and extended to its subsidiary in Vietnam. The Group shall repay the loan in RM at a predetermined USD/RM conversion rate as per the cross currency interest rate swap contract. The subsidiary shall repay the loan in USD to the Group.

(d) Foreign currency forward contracts have been entered by the Group to operationally hedge forecasted transactions denominated in foreign currencies that are expected to occur at various dates within a year from the end of the financial year.

(e) The Group entered into two (2) cross currency interest rate swap contracts with a financial institution. Cross currency interest rate swaps have been entered into in order to operationally hedge floating monthly interest payments on borrowings that would mature in September 2024. The fair value of cross currency interest rate swaps is based on bankers' quotes.

(f) During the financial year, the Group entered into an interest rate swap contract with a financial institution. Interest rate swap contract has been entered into in order to operationally hedge monthly interest payments on borrowings that would mature in March 2023. The fair value of interest rate swap contract is based on bankers' quotes.

15. DERIVATIVE FINANCIAL ASSETS/(LIABILITIES) (continued)

(g) The Group and the Company have recorded a charge to profit or loss pertaining to fair value gain or loss on non-hedging derivatives instruments as disclosed in Note 29 to the financial statements.

(h) The fair value of derivative financial instruments of the Group and of the Company are categorised as follows:

Group	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000
At 31 December 2018				
Derivative financial assets/(liabilities):				
Hedging derivatives:				
- Commodity contracts	**(6,496)**	**-**	**(6,496)**	**-**
- Interest rate swap contracts	**(2,520)**	**-**	**(2,520)**	**-**
Non-hedging derivatives:				
- Cross currency swap contract	**(2,676)**	**-**	**(2,676)**	**-**
- Foreign currency forward contracts	**(4)**	**-**	**(4)**	**-**
At 31 December 2017				
Derivative financial assets/(liabilities):				
Hedging derivatives:				
- Cross currency interest rate swap contracts	(25)	-	(25)	-
Non-hedging derivatives:				
- Commodity contracts	5,885	-	5,885	-
- Cross currency interest rate swap contract	(5,567)	-	(5,567)	-
- Foreign currency forward contracts	(55)	-	(55)	-

The fair value of the non-hedging and hedging derivatives are determined by using mark-to-market values at the end of the reporting date and changes in the fair value are recognised in profit or loss and other comprehensive income respectively. There is no transfer between levels in the hierarchy during the financial year.

16. SHORT TERM FUNDS

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
At fair value through profit or loss				
Short term funds	**34,889**	29,496	**9**	4,764

(a) Short term funds are investments in income trust funds in Malaysia. The trust funds are invested in highly liquid assets, which are readily convertible to cash.

NOTES TO THE FINANCIAL STATEMENTS
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16. SHORT TERM FUNDS (continued)

(b) The management assessed that the fair value of the short term funds approximate their carrying amounts largely due to the short term maturities of these instruments.

(c) Short term funds of the Group and of the Company are stated at Level 1 fair values.

(d) The foreign currency exposure profile of short term funds is as follows:

	Group		Company	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
United States Dollar ("USD")	**8,341**	1,681	**-**	-

(e) Sensitivity analysis of RM against foreign currency at the end of the reporting period, assuming that all other variables remain constant, is as follows:

	Group		Company	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Effects of 3% changes to RM against foreign currency				
Profit after tax				
- USD	**250**	50	**-**	-

17. CASH AND BANK BALANCES

	Group		Company	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Cash and bank balances	**99,098**	130,514	**6,728**	6,157
Deposits with licensed banks	**23,793**	8,790	**6,235**	17
	122,891	139,304	**12,963**	6,174

(a) The weighted average effective interest rates of deposits of the Group and of the Company at the reporting date were as follows:

	Group		Company	
	2018	2017	2018	2017
	%	%	%	%
Weighted average effective interest rate				
- Fixed rates	**1.85**	2.12	**1.41**	3.24

Sensitivity analysis for fixed rates deposits as at the end of the reporting period was not presented as fixed rate instruments are not affected by change in interest rates.

NOTES TO THE FINANCIAL STATEMENTS
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17. CASH AND BANK BALANCES (continued)

(b) The average maturity days of deposits at the reporting date were as follows:

	Group		Company	
	2018	2017	2018	2017
	Days	Days	Days	Days
Licensed banks	**12**	22	**19**	31

(c) The exposure to interest risk is insignificant as the cash and bank balances are short term in nature and they are not held for speculative purposes but have been mostly placed in fixed deposits, which yield better returns than cash at bank.

(d) The foreign currencies exposure profile of cash and bank balances are as follows:

	Group		Company	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
United States Dollar ("USD")	**75,530**	23,460	**9,981**	6,053
Singapore Dollar ("SGD")	**3,724**	1,333	**268**	13
EURO	**7,468**	51	**-**	-
Others	**618**	10	**-**	-
	87,340	24,854	**10,249**	6,066

(e) Sensitivity analysis of RM against foreign currencies at the end of the reporting period, assuming that all other variables remain constant, are as follows:

	Group		Company	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Effects of 3% changes to RM against foreign currencies				
Profit after tax				
- USD	**1,722**	535	**228**	138
- SGD	**85**	30	**6**	-
- EURO	**170**	1	**-**	-

The exposure to the other currencies is not significant, hence the effect of the changes in the exchange rates is not explained.

(f) No expected credit losses were recognised arising from the deposits with financial institutions because the probability of default by these financial institutions were negligible.

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18. SHARE CAPITAL

		Group and Company			
		2018		2017	
	Note	Number of shares '000	Amount RM'000	Number of shares '000	Amount RM'000
Ordinary shares issued and fully paid					
At 1 January		**444,168**	**111,786**	444,168	111,042
Transfer pursuant to the Companies Act 2016	(b)	**-**	**-**	-	744
At 31 December		**444,168**	**111,786**	444,168	111,786

(a) The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one (1) vote per share without restrictions and rank equally with regard to the Company's residual assets.

(b) With the introduction of the new Companies Act 2016 effective 31 January 2017, the concepts of authorised share capital and par value of share capital were abolished. Consequently, balances within the share premium account of RM744,000 were transferred to the share capital account pursuant to the transitional provisions set out in Section 618 (2) of the new Act.

19. OTHER RESERVES

	Group	
	2018 RM'000	2017 RM'000
Non-distributable:		
Capital reserve	**4,480**	4,480
Cash flow hedge reserve	**(9,016)**	(26)
Foreign currency translation reserve	**22,340**	19,335
	17,804	23,789

(a) The capital reserve arose as a result of capitalisation of retained earnings and revaluation reserve for the bonus issue by a subsidiary, Box-Pak (Malaysia) Bhd., in 1996.

(b) The foreign currency translation reserve is used to record foreign currency exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the presentation currency of the Group.

(c) The cash flow hedge reserve comprises the effective portion of the cumulative net change in the fair value of the cash flow hedges related to hedged transactions that have not yet occurred.

NOTES TO THE FINANCIAL STATEMENTS
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20. RETIREMENT BENEFIT OBLIGATIONS

The Group operates an unfunded, defined Retirement Benefit Scheme ("the Scheme") for its eligible employees. The Group's obligation under the Scheme is determined based on the latest actuarial valuation by an independent actuary dated 17 January 2017. The Group carries out the valuation every three years. Under the Scheme, eligible employees are entitled to retirement benefits varying between 18 days and 52 days per year of final salary upon attainment of the retirement age of 60.

The amounts recognised in the statements of financial position are determined as follows:

	Group		Company	
	2018	**2017**	**2018**	**2017**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Retirement benefit obligations representing net liability	**61,595**	57,453	**20,571**	17,792
Analysed as:				
Not later than 1 year	**11,479**	10,237	**2,216**	2,216
Later than 1 year but not later than 2 years	**2,781**	2,722	**1,088**	1,008
Later than 2 years but not later than 5 years	**7,976**	8,061	**3,164**	2,916
Later than 5 years	**39,359**	36,433	**14,103**	11,652
	61,595	57,453	**20,571**	17,792
Analysed as:				
Current liabilities	**11,479**	10,237	**2,216**	2,216
Non-current liabilities	**50,116**	47,216	**18,355**	15,576
	61,595	57,453	**20,571**	17,792

The movements during the financial year in the amounts recognised in the statements of financial position in respect of the retirement benefit obligations are as follows:

	Group		Company	
	2018	**2017**	**2018**	**2017**
	RM'000	**RM'000**	**RM'000**	**RM'000**
At 1 January	**57,453**	52,708	**17,792**	16,386
Current service cost	**2,570**	2,855	**931**	880
Interest cost	**2,595**	2,299	**873**	796
Items recognised in profit or loss (Note 30)	**5,165**	5,154	**1,804**	1,676
Transfer from a subsidiary	**-**	-	**1,569**	-
Benefits paid by the Scheme	**(1,023)**	(409)	**(594)**	(270)
At 31 December	**61,595**	57,453	**20,571**	17,792

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

20. RETIREMENT BENEFIT OBLIGATIONS (continued)

Certain assumptions are used in the actuarial valuation and due to the long term nature of this Scheme, such estimates are subject to uncertainty.

The principal actuarial assumptions used are as follows:

	Group and Company	
	2018	2017
	%	%
Discount rate	**5.4**	5.4
Price inflation	**3.5**	3.5
Expected rate of salary increases	**6.0**	6.0

The discount rate is determined based on the values of AA rated corporate bond yields with 10 to 15 years of maturity.

Significant actuarial assumption for determination of the retirement benefit obligations is the discount rate. The sensitivity analysis below has been determined based on changes to significant assumption, with all other assumptions held constant.

	Group		Company	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
A 1% increase/decrease in discount rate will decrease/increase the retirement benefit obligations by	**4,903**	4,776	**1,694**	1,486

The sensitivity analysis presented above may not be representative of the actual change in retirement benefit obligations as it is unlikely that the change in assumptions would occur in isolation of one another as some assumptions may be correlated.

21. LOANS AND BORROWINGS

	Group		Company	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Current				
Unsecured:				
Trade facilities	**255,534**	210,151	**5,637**	5,857
Revolving credits	**93,128**	119,423	**-**	32,000
Term loans	**71,438**	48,195	**1,560**	-
	420,100	377,769	**7,197**	37,857
Non-current				
Unsecured:				
Term loans	**381,309**	195,516	**7,040**	-

21. LOANS AND BORROWINGS (continued)

	Group		Company	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Total				
Trade facilities	**255,534**	210,151	**5,637**	5,857
Revolving credits	**93,128**	119,423	**-**	32,000
Term loans	**452,747**	243,711	**8,600**	-
	801,409	573,285	**14,237**	37,857

(a) The term loans are repayable as follows:

Loan	Interest rate	Year of drawdown	Repayment term
Type 1	Fixed 3.5%	October 2012	61 monthly instalments after 24 months of drawdown
Type 2	Cost of fund + 0.75%	February 2014	84 monthly instalments after 6 months of drawdown
Type 3	Vietnamese Dong ("VND") 3 months base lending rate + 0.5%	August 2014	17 quarterly instalments after 13 months of drawdown
Type 4	Cost of fund + 0.8%	January 2015	84 monthly instalments after 12 months of drawdown
Type 5	Cost of fund + 0.75%	December 2015	180 monthly instalments after 1 month of drawdown
Type 6	VND base lending rate + 0.4%	June 2016	21 quarterly instalments after 24 months of drawdown
Type 7	Fixed 4.6%	September 2016	96 monthly instalments after 1 month of drawdown
Type 8	Cost of fund + 1.5%	February 2017	84 monthly instalments after 1 month of drawdown
Type 9	Kuala Lumpur Inter-bank Offered Rate 1 month + 1.0%	April 2017	72 monthly instalments after 12 months of drawdown
Type 10	Kuala Lumpur Inter-bank Offered Rate 1 month + 1.0%	April 2018	60 monthly instalments after 6 months of full drawdown
Type 11	London Inter-bank Offered Rate 1 month + 1.0%	March 2018	13 quarterly instalments after 27 months of date of facility letter
Type 12	London Inter-bank Offered Rate 1 month + 1.0%	April 2018	13 quarterly instalments after 27 months of date of facility letter
Type 13	Kuala Lumpur Interbank Offered Rate 1 month + 1.0%	December 2018	66 monthly instalments after 1 month of full drawdown

NOTES TO THE FINANCIAL STATEMENTS
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21. LOANS AND BORROWINGS (continued)

(b) The loans and borrowings are secured by a corporate guarantee given by the Company to banks for credit facilities granted to certain subsidiaries as further disclosed in Note 36 to the financial statements.

(c) At the end of the reporting period, the interest rate profiles of the loans and borrowings were:

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
- Fixed rates	**374,109**	367,117	**5,637**	37,857
- Floating rates	**427,300**	206,168	**8,600**	-
	801,409	573,285	**14,237**	37,857

(d) As at reporting date, the weighted average effective interest rates for the loans and borrowings, were as follows:

	Group		Company	
	2018 %	2017 %	2018 %	2017 %
Term loans:				
- Fixed rates	**4.28**	4.12	**-**	-
- Floating rates	**4.38**	4.15	**4.43**	-
Trade facilities	**4.80**	3.94	**3.39**	3.22
Revolving credits	**4.82**	4.50	**-**	4.65

(e) Sensitivity analysis for fixed rate loans and borrowings as at the end of the reporting period was not presented as fixed rate instruments as it is not affected by change in interest rates. Sensitivity analysis of interest rates for the floating rate instruments at the end of the reporting period, assuming all other variables remain constant, is as follows:

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Effects of 50bp changes to profit after tax				
Floating rate instruments	**1,624**	620	**33**	-

NOTES TO THE FINANCIAL STATEMENTS
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21. LOANS AND BORROWINGS (continued)

(f) Financial instruments that are not carried at fair values and whose carrying amounts are not reasonable approximation of fair values, are as follows:

Group	2018 Carrying amount RM'000	2018 Fair value RM'000	2017 Carrying amount RM'000	2017 Fair value RM'000
Loans and borrowings (non-current)				
- at fixed rate	**7,857**	6,315	**25,448**	24,926

Fair value of the loans and borrowings of the Group and of the Company are categorised as Level 2 in the fair value hierarchy. There is no transfer between levels in the hierarchy during the financial year.

(g) The foreign currency exposure profile of loans and borrowings is as follows:

	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
United States Dollar ("USD")	**253,047**	6,644	**-**	-

(h) Sensitivity analysis of RM against foreign currency at the end of the reporting period, assuming that all other variables remain constant, is as follows:

	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
Effects of 3% changes to RM against foreign currency				
Profit after tax				
- USD	**5,769**	151	**-**	-

NOTES TO THE FINANCIAL STATEMENTS
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21. LOANS AND BORROWINGS (continued)

(i) The table below summarises the maturity profile of the liabilities of the Group and of the Company at the end of each reporting period based on contractual undiscounted repayment obligations.

	On demand or within one year RM'000	Two to five years RM'000	Over five years RM'000	Total RM'000
Group				
At 31 December 2018				
Financial liabilities				
Trade and other payables	**272,839**	**-**	**-**	**272,839**
Loans and borrowings	**438,583**	**398,806**	**17,312**	**854,701**
Total undiscounted financial liabilities	**711,422**	**398,806**	**17,312**	**1,127,540**
At 31 December 2017				
Financial liabilities				
Trade and other payables	245,873	-	-	245,873
Loans and borrowings	386,972	166,030	51,600	604,602
Total undiscounted financial liabilities	632,845	166,030	51,600	850,475
Company				
At 31 December 2018				
Financial liabilities				
Trade and other payables	**80,761**	**-**	**-**	**80,761**
Loans and borrowings	**7,546**	**6,946**	**810**	**15,302**
Total undiscounted financial liabilities	**88,307**	**6,946**	**810**	**96,063**
At 31 December 2017				
Financial liabilities				
Trade and other payables	20,994	-	-	20,994
Loans and borrowings	37,857	-	-	37,857
Total undiscounted financial liabilities	58,851	-	-	58,851

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

22. PROVISIONS

The Group is required to dispose solid waste in accordance with environmental requirements. A provision has been made for the estimated cost for the disposal of solid waste based on the service provider's price quotation.

Movements of the provisions are as follows:

	Group	
	2018	**2017**
	RM'000	**RM'000**
Provision for solid waste disposal		
At 1 January	**11**	67
Additional provision during the financial year	**220**	1,299
Utilisation of provision during the financial year	**(228)**	(1,355)
At 31 December	**3**	11

23. TRADE AND OTHER PAYABLES

		Group		Company	
		2018	**2017**	**2018**	**2017**
	Note	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Trade payables					
Third parties		**149,496**	132,162	**7,015**	7,216
Amounts due to subsidiaries		**-**	-	**58,819**	1,684
Amounts due to related parties		**701**	270	**695**	141
	(b)	**150,197**	132,432	**66,529**	9,041
Other payables					
Accrued operating expenses		**57,936**	48,583	**8,725**	7,761
Other payables	(c)	**64,706**	64,858	**5,103**	3,590
Amounts due to subsidiaries	(d)	**-**	-	**404**	602
		122,642	113,441	**14,232**	11,953
Total trade and other payables		**272,839**	245,873	**80,761**	20,994
Financial instruments classification:					
Total trade and other payables		**272,839**	245,873	**80,761**	20,994
Loans and borrowings	21	**801,409**	573,285	**14,237**	37,857
Total financial liabilities carried at amortised cost		**1,074,248**	819,158	**94,998**	58,851

(a) Trade and other payables are classified as financial liabilities measured at amortised cost.

(b) Trade payables are non-interest bearing and the normal trade credit terms granted to the Group and the Company are 30 to 90 (2017: 30 to 90) days.

NOTES TO THE FINANCIAL STATEMENTS
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23. TRADE AND OTHER PAYABLES (continued)

(c) Other payables are non-interest bearing and are normally settled on an average term of six (6) months (2017: average term of six (6) months).

(d) The non-trade amounts due to subsidiaries are unsecured, bear interest at 4.65% - 4.90% (2017: 4.65%) and are repayable on demand.

(e) The maturity profile of the trade and other payables of the Group and of the Company at the reporting date based on contractual undiscounted repayment obligations is disclosed in Note 21(i) to the financial statements.

(f) The foreign currencies exposure profile of trade and other payables are as follows:

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
United States Dollar ("USD")	**40,409**	47,900	**372**	708
Singapore Dollar ("SGD")	**1,575**	2,841	**74**	314
Euro ("EURO")	**719**	1,354	**27**	6
Others	**782**	1,093	**172**	362
	43,485	53,188	**645**	1,390

(g) Sensitivity analysis of RM against foreign currencies at the end of the reporting period, assuming that all other variables remain constant, are as follows:

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Effects of 3% changes to RM against foreign currencies				
Profit after tax				
- USD	**921**	1,092	**8**	16
- SGD	**36**	65	**2**	7
- EURO	**16**	31	**1**	-

The exposures to the other currencies are not significant, hence the effects of the changes in the exchange rates are not explained above.

(h) Sensitivity analysis for fixed rate instruments as at the end of the reporting period was not presented as fixed rate instruments are not affected by changes in interest rates.

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24. NON-CURRENT ASSETS HELD FOR DISTRIBUTION

	Group		Company	
	2018	**2017**	**2018**	**2017**
	RM'000	**RM'000**	**RM'000**	**RM'000**
At 1 January	-	5,011	-	5,000
Capital distribution	-	(5,073)	-	(5,073)
Gain on disposal (Note 27)	-	62	-	73
At 31 December	-	-	-	-

The non-current assets held for distribution represented 50% of equity interest in a joint venture, Kian Joo-Visypak Sdn. Bhd. ("KVP"). The statement of financial position of KVP as at the date of appointment of the liquidator, is set out below:

	At 24.11.2015
	RM'000
Assets	
Current assets	
Trade and other receivables	29
Current tax assets	16
Short term funds	19,618
Cash and bank balances	408
Total assets	20,071
Liabilities	
Current liabilities	
Trade and other payables	49
Equity attributable to owners of the parent	
Share capital	20,000
Retained earnings	22
Total equity	20,022
Total equity and liabilities	20,071

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25. REVENUE

	Group		Company	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Revenue from contracts with customers				
- Sales of goods	**1,826,688**	1,838,170	**212,606**	162,623
Other revenue				
Dividend income from:				
- unquoted subsidiaries	**-**	-	**49,488**	88,820
Others	**138**	719	**-**	-
	1,826,826	1,838,889	**262,094**	251,443

(a) Sale of goods

Revenue from sale of goods is recognised at a point in time when the products have been transferred to the customers and coincides with the delivery of products and acceptance by customers.

There is no significant financing component in the revenue arising from sale of goods as the sales are made on the normal credit terms not exceeding twelve months.

(b) Dividend income

Dividend income is recognised when the right to receive payment is established.

(c) Disaggregation of revenue from contracts with customers has been presented in the operating segments, Note 4 to the financial statements. No revenue was recognised over time.

26. INTEREST INCOME

	Group		Company	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Interest income from:				
- loans to subsidiaries	**-**	-	**1,961**	5,069
- deposits with licensed banks	**656**	2,023	**24**	96
- others	**286**	483	**239**	22
	942	2,506	**2,224**	5,187

Interest income is recognised as it accrues, using the effective interest method.

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27. OTHER OPERATING INCOME

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Insurance claims	**108**	120	**-**	73
Rental income	**1,917**	1,459	**9,546**	8,897
Gain on disposal of property, plant and equipment	**1,169**	-	**120**	208
Reversal of impairment loss:				
- trade receivables	**3,089**	-	**-**	-
- other receivables	**-**	162	**-**	17,172
Net gain on fair value adjustments on derivative instruments	**-**	6,798	**-**	-
Net gain on foreign exchange:				
- realised	**-**	504	**-**	1,202
- unrealised	**-**	-	**705**	-
Gain on disposal of non-current assets held for distribution	**-**	62	**-**	73
Income distribution from short term funds	**1,683**	1,048	**155**	129
Miscellaneous	**3,910**	1,465	**241**	66
	11,876	11,618	**10,767**	27,820

Rental income is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

28. FINANCE COSTS

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Interest expense on:				
- term loans	**16,588**	15,185	**13**	-
- trade facilities	**5,152**	4,616	**275**	319
- revolving credits	**5,445**	3,690	**1,998**	1,079
- advances from subsidiaries	**-**	-	**240**	96
- others	**3,029**	2,443	**37**	69
	30,214	25,934	**2,563**	1,563

NOTES TO THE FINANCIAL STATEMENTS
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29. PROFIT BEFORE TAXATION

Other than those disclosed elsewhere in the financial statements, the profit before taxation is arrived at after charging/(crediting):

	Group		Company	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Auditors' remuneration				
- statutory audit	**664**	644	**130**	120
- under provision in prior years	**11**	4	**1**	-
- other services	**36**	33	**11**	14
Direct operating expenses arising from rental of investment properties	**455**	350	**418**	330
Net (gain)/loss on disposal of property, plant and equipment	**(802)**	110	**(120)**	(208)
Net loss/(gain) on fair value adjustments on derivative instruments	**2,944**	(6,798)	**-**	-
Loss/(Gain) on foreign exchange:				
- realised	**3,481**	(504)	**1,182**	(1,202)
- unrealised	**5,321**	15,954	**(705)**	8,658
Rental of:				
- office equipment and motor vehicles	**2,442**	1,497	**85**	38
- land and buildings	**5,513**	1,658	**902**	119
- plant and machinery	**257**	745	**-**	-
Write off of:				
- inventories	**15,236**	13,035	**849**	762
- property, plant and equipment	**475**	26	**-**	-

30. EMPLOYEE BENEFITS

	Group		Company	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Wages and salaries	**207,158**	199,709	**40,956**	37,243
Social security contributions	**1,922**	1,873	**331**	306
Short term accumulating compensated absences	**39**	(44)	**-**	20
Statutory contributions	**16,547**	14,913	**3,585**	2,806
Increase in liability for retirement benefit obligations (Note 20)	**5,165**	5,154	**1,804**	1,676
Other benefits	**9,280**	9,369	**1,386**	1,492
	240,111	230,974	**48,062**	43,543

Included in employee benefits of the Group and of the Company are Executive Directors' remuneration amounting to RM7,381,000 (2017: RM7,463,000) and RM5,757,000 (2017: RM5,839,000) respectively, as further disclosed in Note 34 (c) to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

31. TAXATION

	Group		Company	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Current income tax:				
- Malaysian income tax	**8,299**	12,996	**2,544**	1,602
- foreign income tax	**6,705**	6,809	**-**	-
- (over)/under provision in prior years	**(811)**	(188)	**(352)**	405
	14,193	19,617	**2,192**	2,007
Deferred tax (Note 10):				
- relating to origination and reversal of temporary differences	**(171)**	(6,404)	**-**	(3,875)
- (over)/under provision in prior years	**(91)**	(19,769)	**-**	615
	(262)	(26,173)	**-**	(3,260)
	13,931	(6,556)	**2,192**	(1,253)

(a) The Malaysian income tax is calculated at the statutory tax rate of 24% (2017: 24%) of the estimated taxable profits for the fiscal year.

(b) Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions. The Group's Vietnam subsidiaries are subjected to 15% to 20% (2017: 15% to 20%) corporate tax rate.

(c) The numerical reconciliation between the tax expense and the product of accounting profit multiplied by the applicable tax rates of the Group and of the Company are as follows:

	Group		Company	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Profit before taxation	**24,377**	76,472	**46,220**	93,853
Tax at Malaysian statutory tax rate of 24% (2017: 24%)	**5,850**	18,353	**11,093**	22,525
Tax effects in respect of:				
- different tax rates in foreign jurisdiction	**(1,238)**	(4,074)	**-**	-
- non-allowable expenses	**13,960**	7,714	**2,169**	662
- non-taxable income	**(7,032)**	(1,945)	**(12,106)**	(25,460)
- deferred tax assets not recognised during the financial year	**6,345**	1,515	**1,388**	-
- tax incentives	**(1,927)**	(7,125)	**-**	-
- utilisation of previously unrecognised deferred tax assets	**(1,125)**	(1,037)	**-**	-
	14,833	13,401	**2,544**	(2,273)
(Over)/Under provision in prior years:				
- tax expense	**(811)**	(188)	**(352)**	405
- deferred tax	**(91)**	(19,769)	**-**	615
	13,931	(6,556)	**2,192**	(1,253)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

31. TAXATION (continued)

(d) Tax on each component of other comprehensive income is as follows:

Group	Before tax RM'000	Tax effect RM'000	After tax RM'000
At 31 December 2018			
Items that may be reclassified to profit or loss in subsequent periods:			
Fair value loss on cash flow hedge	**(8,990)**	**-**	**(8,990)**
Foreign currency translations	**3,337**	**-**	**3,337**
	(5,653)	**-**	**(5,653)**
At 31 December 2017			
Item that may be reclassified to profit or loss in subsequent periods:			
Fair value gain on cash flow hedge	(1,811)	-	(1,811)
Foreign currency translations	(33,953)	-	(33,953)
	(35,764)	-	(35,764)

32. EARNINGS PER ORDINARY SHARE

(a) Basic earnings per ordinary share

Basic earnings per ordinary share for the financial year is calculated by dividing the profit for the financial year attributable to owners of the parent by the weighted average number of ordinary shares outstanding during the financial year.

	Group 2018	Group 2017
Profit attributable to owners of the parent (RM'000)	**17,259**	89,958
Weighted average number of ordinary shares in issue ('000)	**444,168**	444,168
Basic earnings per ordinary share (Sen)	**3.89**	20.25

(b) Diluted earnings per ordinary share

The diluted earnings per ordinary share equal basic earnings per ordinary share because there were no potential dilutive ordinary shares as at the end of the reporting period.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

33. DIVIDENDS

	Gross dividend per ordinary share	Amount of dividend, net of tax
	Sen	RM'000
31 December 2018		
Interim dividend paid in respect of financial year ended 31 December 2017	**4**	**17,767**
31 December 2017		
First and final dividend paid in respect of financial year ended 31 December 2016	4	17,767

The Directors do not recommend the payment of any dividend in respect of the current financial year.

34. RELATED PARTY DISCLOSURES

(a) Identities of related parties

Parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties could be individuals or other parties.

The Company has controlling related party relationship with its direct and indirect subsidiaries and its corporate shareholders.

The related parties and their relationship with the Company are as follows:

Related parties	Relationship
Box-Pak (Malaysia) Bhd.	Subsidiary
Federal Metal Printing Factory, Sdn. Berhad	Subsidiary
Kian Joo Canpack (Shah Alam) Sdn. Bhd.	Subsidiary
Kian Joo Canpack Sdn. Bhd.	Subsidiary
Metal-Pak (Malaysia) Sdn. Bhd.	Subsidiary
KJM Aluminium Can Sdn. Bhd.	Subsidiary
Kian Joo Cans Distribution Sdn. Bhd.	Subsidiary
Kian Joo Packaging Sdn. Bhd.	Subsidiary
KJ Can (Selangor) Sdn. Bhd.	Subsidiary
KJ Can (Johore) Sdn. Bhd.	Subsidiary
Kian Joo Can (Vietnam) Co., Ltd.	Subsidiary
KJ Can (Singapore) Pte. Ltd.	Subsidiary
KJO International Sdn. Bhd.	Subsidiary

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

34. RELATED PARTY DISCLOSURES (continued)

(a) Identities of related parties (continued)

The related parties and their relationship with the Company are as follows (continued):

Related parties	Relationship
Canzo Sdn. Bhd.	A subsidiary of a significant corporate shareholder
F & B Nutrition Sdn. Bhd.	A subsidiary of a significant corporate shareholder
Aik Joo Can Factory Sdn. Berhad	A subsidiary of a significant corporate shareholder
Grensing Pte. Ltd.	A subsidiary of a significant corporate shareholder
Hinoki Beverages Sdn. Bhd.	A subsidiary of a significant corporate shareholder
Aluminium Company of Malaysia Berhad	Related party

(b) In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group and the Company with related parties took place at terms agreed between the parties during the financial year:

	Group		Company	
	2018	2017	**2018**	2017
	RM'000	RM'000	**RM'000**	RM'000
Sales of finished goods to:				
- subsidiaries of a significant corporate shareholder	**(52,730)**	(37,277)	**(2,759)**	(23)
- subsidiaries	**-**	-	**(115,335)**	(127,232)
Purchases from:				
- subsidiaries of a significant corporate shareholder	**2,768**	767	**1,876**	374
- related party	**1,914**	2,273	**1,506**	1,200
- subsidiaries	**-**	-	**51,272**	6,226
Purchases of machinery from subsidiaries of a significant corporate shareholder	**-**	1,203	**-**	1,203
Dividends income received from subsidiaries	**-**	-	**(49,488)**	(88,820)
Interest income receivable from subsidiaries	**-**	-	**(1,961)**	(5,069)
Interest expenses payable to subsidiaries	**-**	-	**241**	96
Rental expenses payable to subsidiaries	**-**	-	**814**	-
Rental received from subsidiaries	**-**	-	**(7,653)**	(7,464)

34. RELATED PARTY DISCLOSURES (continued)

(c) Compensation of key management personnel

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the entity, directly and indirectly, including any Director (whether executive or otherwise) of the Group and of the Company.

The details of remuneration receivable by Directors of the Group and of the Company during the financial year are as follows:

	Group		Company	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Executive:				
- salaries	**4,427**	4,080	**3,347**	3,000
- fees	**299**	299	**173**	173
- bonuses	**1,660**	2,080	**1,480**	1,900
- other short-term employee benefits	**202**	202	**115**	115
- benefits-in-kind	**63**	63	**63**	63
- statutory contributions	**730**	739	**579**	588
	7,381	7,463	**5,757**	5,839
Non-executive:				
- fees	**635**	635	**635**	635
- other short-term employee benefits	**355**	354	**355**	354
	990	989	**990**	989
	8,371	8,452	**6,747**	6,828
Other Directors of the Group:				
Non-executive:				
- fees	**542**	510	**-**	-
- other short-term employee benefits	**261**	261	**-**	-
	803	771	**-**	-
	803	771	**-**	-
Total Directors' remuneration	**9,174**	9,223	**6,747**	6,828
Analysis:				
Total Executive Directors' remuneration (Note 30)	**7,381**	7,463	**5,757**	5,839
Total Non-executive Directors' remuneration	**1,793**	1,760	**990**	989
Total Directors' remuneration	**9,174**	9,223	**6,747**	6,828

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

34. RELATED PARTY DISCLOSURES (continued)

(c) Compensation of key management personnel (continued)

The number of Directors of the Company whose total remuneration during the financial year fell within the following bands is analysed below:

	Number of Directors	
	2018	**2017**
Executive Directors:		
- RM2,900,001 – RM2,950,000	**1**	-
- RM3,100,001 - RM3,150,000	**-**	1
- RM4,300,001 - RM4,350,000	**-**	1
- RM4,450,001 - RM4,500,000	**1**	-
Non-executive Directors:		
- RM100,001 - RM150,000	**3**	3
- RM150,001 - RM200,000	**2**	2
- RM200,001 - RM250,000	**1**	1

35. COMMITMENTS

(a) Capital commitments

	Group		Company	
	2018	**2017**	**2018**	**2017**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Approved and contracted for				
- plant and equipment	**46,320**	131,489	**229**	427
- land and building	**69,483**	212,705	**-**	-
- intangible assets	**61**	-	**-**	-
	115,864	344,194	**229**	427

(b) Operating lease commitments - as lessee

The Group has entered into non-cancellable operating lease agreements for the rental of hostels and equipment. These leases have an average tenure of two (2) years with options to renew. There are no restrictions placed upon the Group by entering into the leases.

Future minimum rentals payable under non-cancellable operating leases at the reporting date are as follows:

	Group		Company	
	2018	**2017**	**2018**	**2017**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Not later than 1 year	**-**	601	**-**	-

NOTES TO THE FINANCIAL STATEMENTS
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36. CONTINGENT LIABILITIES

	Company	
	2018	**2017**
	RM'000	**RM'000**
Unsecured:		
Financial guarantees given to financial institutions for credit facilities granted to subsidiaries	**664,146**	403,992

The Group designates financial guarantees given to banks for credit facilities granted to subsidiaries as financial liabilities at the time the guarantee is issued.

No value has been placed on the financial guarantees provided by the Company as the Directors have assessed the guarantee contracts and concluded that the financial impact of the guarantees is not material.

No expected credit loss is recognised arising from financial guarantee as it is negligible.

The maturity profile of the financial guarantees are deemed to be on demand.

37. CAPITAL AND FINANCIAL RISK MANAGEMENT

(a) Capital management

The primary objective of the Group's and of the Company's capital management is to ensure that entities of the Group would be able to continue as going concerns whilst maximising return to shareholders through the optimisation of the debt and equity ratios. The overall strategy of the Group remains unchanged from that in the previous financial year.

The Group and the Company manage their capital structure and make adjustments to it in response to changes in economic conditions. In order to maintain or adjust the capital structure, the Group and the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the financial years ended 31 December 2018 and 31 December 2017.

The Group and the Company monitor capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group and the Company include within net debt, loans and borrowings, trade and other payables, less short term funds and cash and bank balances. Capital represents only equity attributable to the owners of the Company.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

37. CAPITAL AND FINANCIAL RISK MANAGEMENT (continued)

(a) Capital management (continued)

		Group		Company	
		2018	2017	2018	2017
	Note	RM'000	RM'000	RM'000	RM'000
Loans and borrowings	21	**801,409**	573,285	**14,237**	37,857
Trade and other payables	23	**272,839**	245,873	**80,761**	20,994
Less: Short term funds	16	**(34,889)**	(29,496)	**(9)**	(4,764)
Less: Cash and bank balances	17	**(122,891)**	(139,304)	**(12,963)**	(6,174)
Net debt		**916,468**	650,358	**82,026**	47,913
Equity attributable to the owners of the parent, representing total capital		**1,458,068**	1,465,846	**723,460**	697,244
Capital and net debt		**2,374,536**	2,116,204	**805,486**	745,157
Gearing ratio		**39%**	31%	**10%**	6%

Pursuant to the requirements of Practice Note No. 17/2005 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the Group is required to maintain a consolidated shareholders' equity of not less than or equals to twenty-five percent (25%) of the issued and paid-up capital and such shareholders' equity is not less than RM40.0 million. The Group has complied with this requirement for the financial year ended 31 December 2018.

(b) Financial risk management

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk, foreign currency risk and market price risk.

The Board of Directors reviews and agrees policies and procedures for the management of these risks, which are executed by the Group Chief Financial Officer. The Audit and Risk Management Committee provides independent oversight to the effectiveness of the risk management process.

It is, and has been, throughout the current and previous financial years, the Group's policy that no derivatives shall be undertaken except for the use as hedging instruments where appropriate and cost-efficient.

The following sections provide details regarding the Group's and the Company's exposure to the above mentioned financial risks and the objectives, policies and processes for the management of these risks.

(i) Credit risk

Cash deposits and trade receivables could give rise to credit risk which requires the loss to be recognised if a counter party fails to perform as contracted. The counter parties are reputable institutions and organisations. It is the policy of the Group and of the Company to monitor the financial standing of these counter parties on an ongoing basis to ensure that the Group and the Company are exposed to minimal credit risk.

NOTES TO THE FINANCIAL STATEMENTS
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37. CAPITAL AND FINANCIAL RISK MANAGEMENT (continued)

(b) Financial risk management (continued)

(i) Credit risk (continued)

The primary exposure of the Group and of the Company to credit risk arises through its trade receivables. The trading terms of the Group and of the Company with their customers are mainly on credit, except for new customers, where deposits in advance are normally required. The credit period is generally for a period of one (1) month, extending up to three (3) months for major customers. Each customer has a maximum credit limit and the Group and the Company seeks to maintain strict control over its outstanding receivables via a credit control section to minimise credit risk. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's and the Company's exposure to bad debts are not significant.

During the financial year, the Group and the Company have obtained credit insurance to minimise the credit risk exposure.

As at the end of the reporting period, trade receivables of the Group and of the Company amounting to RM144,236,000 (2017: Nil) and RM42,027,000 (2017: Nil) respectively are secured by the credit insurance.

The credit risk concentration profile has been disclosed in Note 14 to the financial statements.

(ii) Liquidity risk

The Group and the Company actively manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all operating, investing and financing needs are met. In executing its liquidity risk management strategy, the Group and the Company measure and forecast their cash commitments and maintain a level of cash and cash equivalents deemed adequate to finance the activities of the Group and the Company.

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

The analysis of financial instruments by remaining contractual maturities has been disclosed in Note 21 to the financial statements.

(iii) Interest rate risk

The primary interest rate risk of the Group and of the Company relates to interest-earning deposits and interest-bearing borrowings from financial institutions. The fixed-rate deposits and borrowings of the Group and of the Company are exposed to a risk of changes in their fair values due to changes in interest rates. The floating rate deposits and borrowings of the Group and of the Company are exposed to a risk of change in cash flows due to changes in interest rates. The Group and the Company borrow in the desired currencies at both fixed and floating rates of interest.

The Group and the Company actively reviews its debt portfolio, taking into account the investment holding period and nature of its assets. This strategy allows it to capitalise on cheaper funding in a low interest rate environment and achieve a certain level of protection against rate hikes.

During the financial year, the Group entered into interest rate swap contract to manage exposures to interest rate risks.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

37. CAPITAL AND FINANCIAL RISK MANAGEMENT (continued)

(b) Financial risk management (continued)

(iii) Interest rate risk (continued)

The notional amount and maturity date of the interest rate swap contract outstanding as at 31 December 2018 are as follows:

Group	Contractual amount in Foreign Currency USD'000	Equivalent amount in Ringgit Malaysia RM'000	Expiry date
At 31 December 2018			
Hedging derivatives:			
Interest rate swap contracts			
Type 1	**70,000**	**290,185**	**20 March 2023**

The interest rate profile and sensitivity analysis of interest rate risk have been disclosed in Notes 12, 14, 17, 21 and 23 to the financial statements respectively.

(iv) Foreign currency risk

The Group and the Company are exposed to foreign currency risk on transactions that are denominated in currencies other than the functional currencies of the operating entities.

The Group maintains a natural hedge, where possible, by borrowing in the currency of the country in which the investment is located or by borrowing in currencies that match the future revenue stream to be generated from its investments.

The Group entered into foreign cross currency swap contracts to manage exposures to currency risk for borrowing, which are denominated in a currency other than the functional currencies of the Group.

During the financial year, the Group and the Company entered into foreign currency forward contracts to manage exposures to currency risk for receivables and payables which are denominated in a currency other than the functional currencies of the Group.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

37. CAPITAL AND FINANCIAL RISK MANAGEMENT (continued)

(b) Financial risk management (continued)

(iv) Foreign currency risk (continued)

The notional amount and maturity date of the cross currency interest rate swap contracts, foreign currency forward contracts and commodity contracts outstanding are as follows:

Group	Contractual amount in Foreign Currency USD'000	Equivalent amount in Ringgit Malaysia RM'000	Expiry date
At 31 December 2018			
Non-hedging derivatives:			
Cross currency swap contract			
Type 2	**2,459**	**7,495**	**30 October 2019**
Foreign currency forward contracts			
Type 3	**193**	**804**	**22 March 2019**
Hedging derivatives:			
Cross-currency interest rate swap contracts			
Type 4	**2,300**	**9,511**	**1 September 2024**
Type 5	**2,042**	**8,442**	**28 September 2024**
Commodity contracts			
Type 6	**23,124**	**95,640**	**January 2019 till January 2020**
At 31 December 2017			
Non-hedging derivatives:			
Cross currency interest rate swap contracts			
Type 1	5,409	16,489	30 October 2019
Hedging derivatives:			
Cross-currency interest rate swap contracts			
Type 2	2,700	11,165	1 September 2024
Type 3	2,362	9,890	28 September 2024
Foreign currency forward contracts			
Type 4	736	3,040	22 March 2018

NOTES TO THE FINANCIAL STATEMENTS
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37. CAPITAL AND FINANCIAL RISK MANAGEMENT (continued)

(b) Financial risk management (continued)

(iv) Foreign currency risk (continued)

The sensitivity analysis for foreign currency risk has been disclosed in Notes 12, 14, 16, 17, 21 and 23 to the financial statements respectively.

(v) Market price risk

The Group is exposed to price fluctuation risk on purchase of commodity. During the financial year, the Group entered into commodity contracts as disclosed in Note 15 to the financial statements with the objective of managing and hedging their exposures to price volatility in the commodity markets.

The Group's objective on price risk management is to limit the Group's exposure to fluctuations in market prices and to achieve expected margin on revenue.

Sensitivity analysis of commodity price at the end of the reporting period, assuming that all other variables remain constant, are as follows:

Group	2018 RM'000	2017 RM'000
Effect of 3% changes to commodity price		
Profit after tax	**2,181**	1,759

38. MATERIAL LITIGATION

Claim by a former Director, See Teow Koon ("STK") for reinstatement as Executive Director

The Company had on 14 August 2014, received a sealed Writ of Summons and Statement of Claim ("STK Claim") from the solicitors acting for former Director, See Teow Koon ("STK").

STK Claim include, among others, the following:

(i) Further or alternatively, the Company be ordered to pay to STK all salaries, perks and benefits including retirement benefits under the Kian Joo Group of Companies Terms and Conditions of Employment for Executive Director, that is due to STK upon STK attaining 70 years of age on 14 June 2019 in the sum of RM12,601,470 as particularised in paragraphs 42(i) to (v) of the Statement of Claim;

(ii) Interest thereon at the rate of 8% per annum on all the judgment sums awarded by the Kuala Lumpur High Court ("High Court") from 16 April 2014 and/or from the date of filing this action in Court until the date of full and final settlement;

(iii) An order that the costs of this action on a full indemnity basis be paid by the Company to STK; and

(iv) Such further or any other reliefs as the High Court shall deem fit and proper to grant.

On 31 October 2014, the High Court allowed STK to amend his Writ of Summons and Statement of Claim to add 2 wholly-owned subsidiaries, Kian Joo Packaging Sdn. Bhd. ("KJP") and KJ Can (Selangor) Sdn. Bhd. ("KJCS") with costs in the cause.

38. MATERIAL LITIGATION (continued)

Claim by a former Director, See Teow Koon ("STK") for reinstatement as Executive Director (continued)

On 4 November 2015, the High Court ruled in favour of STK. At the hearing on quantum of payments on 21 January 2016, the High Court granted the following relief to STK:

(i) A total sum of RM8,822,811 being the retirement gratuity, contractual bonus and arrears of salary as claimed by STK until the age of 70 years old;

(ii) Interest at 5% per annum on item (i) above from 21 January 2016 until full payment; and

(iii) Cost of RM519,075 with interest at 5% per annum from 21 January 2016 until full payment.

All the other claims by STK were disallowed.

Two (2) appeals to the Court of Appeal were filed on 1 December 2015 and 2 February 2016 by the Company, KJP and KJCS (collectively, "the Company and two others") against the decision of the High Court. Both appeals were consolidated and heard together by the Court of Appeal on 29 September 2016.

On 14 February 2017, the Court of Appeal set aside the Order of the High Court entered on 4 November 2015. The Court of Appeal set aside the judgment of RM8,822,811 and substituted a judgment in the sum of RM2,528,557 in favour of STK as gratuity payment with interest at the rate of 5% per annum from the date of filing of the Writ of Summons. The Court of Appeal further awarded Court of Appeal costs to the Company and two others of RM20,000, and the High Court costs to STK of RM20,000.

On 13 March 2017, the Company received an unsealed Notice of Motion ("Leave Application") of the same date together with STK's Affidavit for the following Orders:

(i) That pursuant to Section 96 of the Courts of Judicature Act 1964, STK be granted leave to appeal to the Federal Court of Malaysia ("Federal Court") against the whole of the decision of the Court of Appeal given on 14 February 2017;

(ii) In the event that STK is granted leave to appeal to the Federal Court under the above paragraph, further orders be granted that STK be given two (2) weeks from the date of the Order to file and serve the Notice of Appeal to the Federal Court;

(iii) That the costs of the Application be costs in the cause; and

(iv) Such further or any other reliefs be granted as the Federal Court shall deem fit and proper.

The Federal Court, on 3 May 2018, granted STK leave to appeal to the Federal Court against the decision of the Court of Appeal dated 14 February 2017.

On 13 July 2018, the Federal Court had fixed the hearing of the above matter on 9 October 2018. It was re-scheduled to 4 February 2019. Subsequently, the Federal Court has re-scheduled the hearing to 12 March 2019.

The Federal Court, on 12 March 2019, allowed the application of the Company and two others by way of Notice of Motion to strike out the following:

(i) The leave granted by the Federal Court on 3 May 2018 to STK to appeal against the whole of the decision of the Court of Appeal dated 14 February 2017 in setting aside the High Court award of damages of RM8,822,810.72 and costs of RM519,074.82 to STK and substituting instead an award of RM2,528,536.72 together with interest;

(ii) The Notice of Appeal dated 16 May 2018 filed by STK, pursuant to the said leave granted by the Federal Court to appeal against the whole of the decision of the Court of Appeal dated 14 February 2017; and

(iii) The issue or question in respect of the said leave granted by the Federal Court to STK to appeal against the whole of the decision of the Court of Appeal dated 14 February 2017.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

38. MATERIAL LITIGATION (continued)

Claim by a former Director, See Teow Koon ("STK") for reinstatement as Executive Director (continued)

The Federal Court had ordered costs of RM25,000.00 to be paid by STK in respect of the said Notice of Motion by the Company and two others being allowed and the Appeal proper being struck out.

Save for the above, there is no other pending material litigation against the Group during the financial year.

39. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs

39.1 New MFRSs adopted during the financial year

The Group and the Company adopted the following Standards of the MFRS Framework that were issued by the Malaysian Accounting Standards Board ("MASB") during the financial year:

Title	Effective Date
Amendments to MFRS 1 *Annual Improvements to MFRS Standards 2014 - 2016 Cycle*	1 January 2018
MFRS 15 *Revenue from Contracts with Customers*	1 January 2018
Clarification to MFRS 15	1 January 2018
MFRS 9 *Financial Instruments (IFRS as issued by IASB in July 2014)*	1 January 2018
Amendments to MFRS 2 *Classification and Measurement of Share-based Payment Transactions*	1 January 2018
Amendments to MFRS 128 *Annual Improvements to MFRS Standards 2014 - 2016 Cycle*	1 January 2018
IC Interpretation 22 *Foreign Currency Transactions and Advance Consideration*	1 January 2018
Amendments to MFRS 140 *Transfers of Investment Property*	1 January 2018
Amendments to MFRS 4 *Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts*	See MFRS 4 Paragraphs 46 and 48

Adoption of the above Standards did not have any material effect on the financial performance or position of the Group and of the Company except for the adoption of MFRS 9 described in the following sections.

(a) MFRS 9 *Financial Instruments*

MFRS 9 replaces MFRS 139 *Financial Instruments: Recognition and Measurement* for annual periods beginning on or after 1 January 2018, encompassing all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

The Group applied MFRS 9 prospectively, with an initial application date of 1 January 2018. The Group has not restated the comparative information, which continues to be reported under MFRS 139. Differences arising from the adoption of MFRS 9 have been recognised directly in retained earnings and other components of equity.

(i) Classification of financial assets and financial liabilities

The Group and the Company classify their financial assets into the following measurement categories depending on the business model of the Group and of the Company for managing the financial assets and the terms of contractual cash flows of the financial assets:

- Those to be measured at amortised cost; and
- Those to be measured subsequently at fair value either through other comprehensive income or through profit or loss.

39. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs (continued)

39.1 New MFRSs adopted during the financial year (continued)

(a) MFRS 9 *Financial Instruments* (continued)

(i) Classification of financial assets and financial liabilities (continued)

The following summarises the key changes:

- The Available-For-Sale ("AFS"), Held-To-Maturity ("HTM") and Loans and Receivables ("L&R") financial asset categories were removed.
- A new financial asset category measured at Amortised Cost ("AC") was introduced. This applies to financial assets with contractual cash flow characteristics that are solely payments of principal and interest and held in a business model whose objective is achieved by collecting contractual cash flows.
- A new financial asset category measured at Fair Value Through Other Comprehensive Income ("FVTOCI") was introduced. This applies to debt instruments with contractual cash flow characteristics that are solely payments of principal and interest and held in a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.
- A new financial asset category for non-traded equity investments measured at FVTOCI was introduced.

MFRS 9 largely retains the existing requirements in MFRS 139 for the classification of financial liabilities.

However, under MFRS 139 all fair value changes of liabilities designated as FVTPL are recognised in profit or loss, whereas under MFRS 9 these fair value changes are generally presented as follows:

- Amount of change in the fair value that is attributable to changes in the credit risk of the liability is presented in Other Comprehensive Income; and
- The remaining amount of change in the fair value is presented in profit or loss.

(ii) Impairment of financial assets

The adoption of MFRS 9 has fundamentally changed the accounting for impairment losses for financial assets of the Group by replacing the incurred loss approach of MFRS 139 with a forward-looking expected credit loss approach. MFRS 9 requires the Group to record an allowance for expected credit losses for all debt financial assets not held at fair value through profit or loss.

Expected credit losses are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The estimate of expected cash shortfall shall reflect the cash flows expected from collateral and other credit enhancements that are part of the contractual terms. The shortfall is then discounted at an approximation to the asset's original effective interest rate of the asset.

Impairment for trade receivables that do not contain a significant financing component are recognised based on the simplified approach within MFRS 9 using the lifetime expected credit losses.

During this process, the probability of non-payment by the trade receivables is adjusted by forward looking information and multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For trade receivables, which are reported net, such impairments are recorded in a separate impairment account with the loss being recognised within administrative expenses in the consolidated statement of profit or loss and other comprehensive income. On confirmation that the trade receivable would not be collectable, the gross carrying value of the asset would be written off against the associated impairment.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

39. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs (continued)

39.1 New MFRSs adopted during the financial year (continued)

(a) MFRS 9 *Financial Instruments* (continued)

(ii) Impairment of financial assets (continued)

Impairment for receivables from related parties are recognised based on the general approach within MFRS 9 using the forward looking expected credit loss model. The methodology used to determine the amount of the impairment is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. For those in which the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses along with gross interest income are recognised. For those in which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

(iii) Hedge accounting

The Group has elected to adopt the new general hedge accounting model in MFRS 9. This requires the Group to ensure that hedge accounting relationships are aligned with its risk management objectives and strategy and to apply a more qualitative and forward-looking approach to assessing hedge effectiveness.

Based on the assessment, there is no change in the hedge accounting model of the Group upon adoption of MFRS 9.

(iv) Classification and measurement

The following table summarises the reclassifications and measurement of the financial assets and financial liabilities of the Group and of the Company as at 1 January 2018:

	Classification		Carrying amount	
	Existing under MFRS 139	New under MFRS 9	Existing under MFRS 139	New under MFRS 9
Group			RM'000	RM'000
Financial assets				
Trade and other receivables	L&R	**AC**	382,775	**381,490**
Non-hedging derivative financial assets	FVTPL	**FVTPL**	5,885	**5,885**
Hedging derivative financial assets	FVTOCI	**FVTOCI**	184	**184**
Cash and bank balances	L&R	**AC**	139,304	**139,304**
Short term funds	FVTPL	**FVTPL**	29,496	**29,496**
Financial liabilities				
Trade and other payables	OFL *	**AC**	245,873	**245,873**
Non-hedging derivative financial liabilities	FVTPL	**FVTPL**	5,622	**5,622**
Hedging derivative financial liabilities	FVTOCI	**FVTOCI**	209	**209**
Loans and borrowings	OFL *	**AC**	573,285	**573,285**

* *Other financial liabilities measured at amortised cost.*

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

39. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs (continued)

39.1 New MFRSs adopted during the financial year (continued)

(a) MFRS 9 *Financial Instruments* (continued)

(iv) Classification and measurement (continued)

The following table summarises the reclassifications and measurement of the financial assets and financial liabilities of the Group and of the Company as at 1 January 2018 (continued):

	Classification		Carrying amount	
Company	**Existing under MFRS 139**	**New under MFRS 9**	**Existing under MFRS 139 RM'000**	**New under MFRS 9 RM'000**
Financial assets				
Amounts due from subsidiaries	L&R	**AC**	125,875	**125,875**
Trade and other receivables	L&R	**AC**	25,427	**25,382**
Cash and bank balances	L&R	**AC**	6,174	**6,174**
Short term funds	FVTPL	**FVTPL**	4,764	**4,764**
Financial liabilities				
Trade and other payables	OFL	**AC**	20,994	**20,994**
Loans and borrowings	OFL	**AC**	37,857	**37,857**

The following tables are reconciliations of the carrying amount of the statements of financial position of the Group and of the Company from MFRS 139 to MFRS 9 as at 1 January 2018:

Group	**Existing under MFRS 139 Carrying amount as at 31 December 2017 RM'000**	**Reclassifications RM'000**	**New under MFRS 9 Carrying amount as at 1 January 2018 RM'000**
Financial assets			
Cash and bank balances - L&R	139,304	(139,304)	**-**
Cash and bank balances - AC	-	139,304	**139,304**
Financial liabilities			
Trade and other payables - OFL	245,873	(245,873)	**-**
Loans and borrowings - OFL	573,285	(573,285)	**-**
	819,158	(819,158)	**-**
Trade and other payables - AC	-	245,873	**245,873**
Loans and borrowings - AC	-	573,285	**573,285**
	-	819,158	**819,158**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

39. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs (continued)

39.1 New MFRSs adopted during the financial year (continued)

(a) MFRS 9 *Financial Instruments* (continued)

(iv) Classification and measurement (continued)

The following tables are reconciliations of the carrying amount of the statements of financial position of the Group and of the Company from MFRS 139 to MFRS 9 as at 1 January 2018 (continued):

	Existing under MFRS 139		New under MFRS 9
Group	**Carrying amount as at 31 December 2017 RM'000**	**Remeasurement RM'000**	**Carrying amount as at 1 January 2018 RM'000**
Trade and other receivables:			
Opening balance	382,775	-	**382,775**
Increase in impairment loss	-	(1,285)	**(1,285)**
Total trade and other receivables	382,775	(1,285)	**381,490**
Retained earnings:			
Opening balance	1,330,271	-	**1,330,271**
Increase in impairment loss for trade and other receivables	-	(1,285)	**(1,285)**
Total retained earnings	1,330,271	(1,285)	**1,328,986**

39. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs (continued)

39.1 New MFRSs adopted during the financial year (continued)

(a) MFRS 9 *Financial Instruments* (continued)

(iv) Classification and measurement (continued)

The following tables are reconciliations of the carrying amount of the statements of financial position of the Group and of the Company from MFRS 139 to MFRS 9 as at 1 January 2018 (continued):

	Existing under MFRS 139		New under MFRS 9
	Carrying amount as at 31 December 2017	Reclassifications	Carrying amount as at 1 January 2018
Company	**RM'000**	**RM'000**	**RM'000**
Financial assets			
Amounts due from subsidiaries - L&R	125,875	(125,875)	-
Cash and bank balances - L&R	6,174	(6,174)	-
	132,049	(132,049)	-
Amounts due from subsidiaries - AC	-	125,875	**125,875**
Cash and bank balances - AC	-	6,174	**6,174**
	-	132,049	**132,049**
Financial liabilities			
Trade and other payables - OFL	20,994	(20,994)	-
Loans and borrowings - OFL	37,857	(37,857)	-
	58,851	(58,851)	-

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

39. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs (continued)

39.1 New MFRSs adopted during the financial year (continued)

(a) MFRS 9 *Financial Instruments* (continued)

(iv) Classification and measurement (continued)

The following tables are reconciliations of the carrying amount of the statements of financial position of the Group and of the Company from MFRS 139 to MFRS 9 as at 1 January 2018 (continued):

Company	Existing under MFRS 139 Carrying amount as at 31 December 2017 RM'000	Reclassifications RM'000	Remeasurement RM'000	New under MFRS 9 Carrying amount as at 1 January 2018 RM'000
Trade and other payables - AC	-	20,994	-	**20,994**
Loans and borrowings - AC	-	37,857	-	**37,857**
	-	58,851	-	**58,851**
Trade and other receivables:				
Opening balance	25,427	-	-	**25,427**
Increase in impairment loss	-	-	(45)	**(45)**
Total trade and other receivables	25,427	-	(45)	**25,382**
Retained earnings:				
Opening balance	585,458	-	-	**585,458**
Increase in impairment loss for trade and other receivables	-	-	(45)	**(45)**
Total retained earnings	585,458	-	(45)	**585,413**

39. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs (continued)

39.2 New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2019

The following are Standards of the MFRS Framework that have been issued by the MASB but have not been early adopted by the Group and the Company:

Title	Effective Date
MFRS 16 *Leases*	1 January 2019
IC Interpretation 23 *Uncertainty over Income Tax Treatments*	1 January 2019
Amendments to MFRS 128 *Long-term Interests in Associates and Joint Ventures*	1 January 2019
Amendments to MFRS 9 *Prepayment Features with Negative Compensation*	1 January 2019
Amendments to MFRS 3 *Annual Improvements to MFRS Standards 2015 - 2017 Cycle*	1 January 2019
Amendments to MFRS 11 *Annual Improvements to MFRS Standards 2015 - 2017 Cycle*	1 January 2019
Amendments to MFRS 112 *Annual Improvements to MFRS Standards 2015 - 2017 Cycle*	1 January 2019
Amendments to MFRS 123 *Annual Improvements to MFRS Standards 2015 - 2017 Cycle*	1 January 2019
Amendments to MFRS 119 *Plan Amendment, Curtailment or Settlement*	1 January 2019
Amendments to References to the Conceptual Framework in MFRS Standards	1 January 2020
Amendments to MFRS 3 *Definition of a Business*	1 January 2020
Amendments to MFRS 101 and MFRS 108 *Definition of Material*	1 January 2020
MFRS 17 *Insurance Contracts*	1 January 2021
Amendments to MFRS 10 and MFRS 128 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	Deferred

The Group and the Company are in the process of assessing the impact of implementing these Standards, since the effects would only be observable for future financial years.

40. SIGNIFICANT EVENT SUBSEQUENT TO THE END OF THE REPORTING PERIOD

On 22 March 2019, the Company subscribed for an additional 1,000,000 ordinary shares at RM15.00 each at a total consideration of RM15,000,000 in wholly-owned subsidiary, Kian Joo Canpack Sdn. Bhd. by way of cash consideration.

LIST OF PROPERTIES
AS AT 31 DECEMBER 2018

Location	Description	Year of Last Revaluation/ Acquisition	Area (Square Metres)	Tenure	Expiry Date	Age of Buildings (Years)	Net Book Value (RM'000)
Lot PT 2 Jalan Perusahaan 4 Batu Caves, Selangor Malaysia	Land & Building	2009	12,450	Leasehold	05.09.2074	38	13,969
Lot No. 26685 (28833 - 28836) Batu Caves, Selangor Malaysia	Land & Building	2009	7,299	Freehold	-	24	7,680
Lot No. 28829 to 28832 Batu Caves, Selangor Malaysia	Land & Building	2009	16,923	Freehold	-	23	25,250
Lot 6, Jalan Perusahaan 1 Batu Caves, Selangor Malaysia	Land & Building	2009	8,502	Leasehold	05.09.2074	30	10,507
Lot 8, Jalan Perusahaan 1 Batu Caves, Selangor Malaysia	Land & Building	2009	8,417	Leasehold	05.09.2074	42	7,732
Lot 10, Jalan Perusahaan 1 Batu Caves, Selangor Malaysia	Land & Building	2009	9,444	Leasehold	05.09.2074	42	9,802
Lot 4, Jalan Perusahaan 2 Batu Caves, Selangor Malaysia	Land & Building	2009	18,848	Leasehold	05.09.2074	26	24,460
Lot 7, Jalan Perusahaan 2 Batu Caves, Selangor Malaysia	Land & Building	1993	12,840	Leasehold	05.09.2074	34	5,698
Lot 22 & 24, Section 16 Shah Alam, Selangor Malaysia	Land & Building	2009	3,902	Leasehold	31.10.2070	45	3,175
Lot 21, Section 15 Shah Alam, Selangor Malaysia	Land & Building	2009	1,951	Leasehold	31.10.2070	34	1,446
Lot 19, Jalan SU 4 Section 22 Shah Alam, Selangor Malaysia	Land & Building	2009	19,776	Freehold	-	20	18,354
Lot 135, Jalan Kawat 15/18 Tapak Perusahaan Shah Alam Shah Alam, Selangor Malaysia	Land & Building	2009	11,427	Leasehold	12.06.2073	42	6,475
Lot 3, Jalan Kawat 15/18 Tapak Perusahaan Shah Alam Shah Alam, Selangor Malaysia	Land & Building	2009	12,140	Leasehold	16.07.2074	27	9,876

LIST OF PROPERTIES
AS AT 31 DECEMBER 2018

Location	Description	Year of Last Revaluation/ Acquisition	Area (Square Metres)	Tenure	Expiry Date	Age of Buildings (Years)	Net Book Value (RM'000)
Lot 18, Jalan Pengapit 15/19 Shah Alam, Selangor Malaysia	Land & Building	2009	7,641	Leasehold	04.11.2080	27	5,635
HS (D) 80122 PT No. 5141 Mukim Damansara Petaling, Selangor Malaysia	Land & Building	2009	31,142	Freehold	-	26	21,964
PT 15637 (Lot C) Taman Perindustrian Puchong Section 3, Puchong, Selangor Malaysia	Land & Building	2003	40,468	Leasehold	02.09.2090	17	15,859
Lot 10666 Arab-Malaysian Industrial Park Nilai, Negeri Sembilan Malaysia	Land for Development	2009	9,007	Freehold	-	-	1,260
Lot 10667 Arab-Malaysian Industrial Park Nilai, Negeri Sembilan Malaysia	Land for Development	2009	9,007	Freehold	-	-	1,260
Lot 10696 Arab-Malaysian Industrial Park Nilai, Negeri Sembilan Malaysia	Land & Building	2009	11,798	Freehold	-	14	8,598
Lot PT31619 Arab-Malaysian Industrial Park Nilai, Negeri Sembilan Malaysia	Land & Building	2009	52,586	Freehold	-	21	52,746
Lot 16638 Mukim Setul, Seremban Negeri Sembilan Malaysia	Land & Building	2012	4,654	Freehold	-	Less than 1	1,561
Lot No. 10697 Mukim Setul, Seremban Negeri Sembilan Malaysia	Land for Development	2018	11,774	Freehold	-	-	9,766
733 Jalan Tampoi Johor Bahru, Johor Malaysia	Land & Building	2009	16,586	Freehold	-	50	11,711
23 Jalan Dewani, Lorong 1 Johor Bahru, Johor Malaysia	Shophouse	2009	180	Freehold	-	38	431

LIST OF PROPERTIES
AS AT 31 DECEMBER 2018

Location	Description	Year of Last Revaluation/ Acquisition	Area (Square Metres)	Tenure	Expiry Date	Age of Buildings (Years)	Net Book Value (RM'000)
PLO 165, Jalan Cyber Utama Kawasan Perindustrian Senai 3 Senai, Johor Malaysia	Land & Building	2014	24,281	Leasehold	16.01.2055	16	24,144
HS (D) 187255, PTD 62907 & HS (D) 187256, PTD 62908 Mukim Tebrau Johor Bahru, Johor Malaysia	Land & Building	2009	18,483	Freehold	-	24	11,569
No. 6, Jalan Kilang 1 Kawasan Perindustrian Jelapang Ipoh, Perak Malaysia	Land & Building	1991	5,344	Leasehold	15.07.2036	40	430
22 Dai Lo Huu Nghi Vietnam Singapore Industrial Park Thuan An District Binh Duong Province Vietnam	Land & Building	2009	44,230	Leasehold	11.02.2046	15	25,162
17 Dai Lo Doc Lap, VSIP Thuan An District Binh Duong Province Vietnam	Land & Building	2009	22,201	Leasehold	11.02.2046	16	19,343
Lot 125, Dai Lo Huu Nghi Vietnam Singapore Industrial Park Thuan An District Binh Duong Province Vietnam	Land & Building	2014	15,000	Leasehold	12.07.2048	3	27,895
Lot F-11-CN My Phuoc Industrial Park 2 Ben Cat District Binh Duong Province Vietnam	Land for Development	2008	30,000	Leasehold	14.01.2055	-	978
Plot No. 014B/015 & 016A VSIP, Bac Ninh Phu Chan Commune Tu Son Town Bac Ninh Province Vietnam	Land & Building	2011	35,762	Leasehold	30.11.2057	6	30,000

LIST OF PROPERTIES
AS AT 31 DECEMBER 2018

Location	Description	Year of Last Revaluation/ Acquisition	Area (Square Metres)	Tenure	Expiry Date	Age of Buildings (Years)	Net Book Value (RM'000)
Lot I-65B2B Suryacipta City of Industry Karawang, West Java Indonesia	Land for Development	2014	80,124	Leasehold	30.01.2044	-	43,381
Lot No. C1 Thilawa Special Economic Zone Zone A Yangon Region The Republic of the Union of Myanmar	Land & Building	2016	99,567	Leasehold	04.06.2064	Less than 1	159,627
Lot No. C2 Thilawa Special Economic Zone Zone A Yangon Region The Republic of the Union of Myanmar	Land & Building	2016	74,830	Leasehold	04.06.2064	Less than 1	91,265

ANALYSIS OF SHAREHOLDINGS
AS AT 29 MARCH 2019

Total number of issued shares	:	444,167,786
Class of share	:	Ordinary share
Voting rights	:	1 vote per ordinary share

SIZE OF SHAREHOLDINGS

Size of shareholdings	No. of shareholders	%	No. of shares held	%
Less than 100 shares	63	3.43	1,449	*
100 to 1,000 shares	257	14.00	161,606	0.04
1,001 to 10,000 shares	1,150	62.64	5,426,484	1.22
10,001 to 100,000 shares	317	17.26	8,863,926	2.00
100,001 to 22,208,388 shares	47	2.56	35,136,252	7.91
22,208,389 shares and above	2	0.11	394,578,069	88.83
Total	**1,836**	**100.00**	**444,167,786**	**100.00**

Note:
* *Negligible*

SUBSTANTIAL SHAREHOLDERS
(According to the Register of Substantial Shareholders)

	Direct		Indirect		Total	
Name	No. of shares held	%	No. of shares held	%	No. of shares held	%
AMSEC Nominees (Tempatan) Sdn Bhd - Pledged Securities Account - AmBank (M) Berhad for Can-One International Sdn. Bhd. ("CISB")	367,350,635	82.71	-	-	367,350,635	82.71
Can-One Berhad ("Can-One")	316,200	0.07	367,350,635 (1)	82.71 (1)	367,666,835	82.78
Eller Axis Sdn. Bhd. ("EASB")	-	-	367,666,835 (2)	82.78 (2)	367,666,835	82.78
Yeoh Jin Hoe	-	-	367,666,835 (3)	82.78 (3)	367,666,835	82.78
Dato' See Teow Chuan	37,676,033	8.48	2,179,985 (4)	0.49 (4)	39,856,018	8.97

Notes:
(1) *Deemed interest through wholly-owned subsidiary, CISB.*
(2) *Deemed interest through Can-One, a company in which EASB holds more than 20% voting shares.*
(3) *Deemed interest through EASB, in which he holds more than 20% voting shares.*
(4) *Deemed interest through See Teow Chuan Holdings Sdn Bhd, in which he holds more than 20% voting shares.*

ANALYSIS OF SHAREHOLDINGS
AS AT 29 MARCH 2019

DIRECTORS' SHAREHOLDINGS
(According to the Register of Directors' Shareholdings)

	Direct		Indirect		Total	
Name	No. of shares held	%	No. of shares held	%	No. of shares held	%
Dato' Mah Siew Kwok	-	-	-	-	-	-
Yeoh Jin Hoe	-	-	367,666,835 [1]	82.78 [1]	367,666,835	82.78
Chee Khay Leong	-	-	-	-	-	-
Y.A.M. Tunku Zain Al-'Abidin Ibni Tuanku Muhriz	-	-	-	-	-	-
Dato' Dr. Syed Hussain Bin Syed Husman, J.P.	-	-	-	-	-	-
Rajaretnam Soloman Daniel	-	-	-	-	-	-
Lee Kean Teong	-	-	-	-	-	-
Kee E-Lene	-	-	-	-	-	-

Note:
[1] *Deemed interest through EASB, in which he holds more than 20% voting shares.*

LIST OF 30 LARGEST SHAREHOLDERS
(According to the Record of Depositors)

No.	Name	No. of shares held	%
1.	AMSEC Nominees (Tempatan) Sdn. Bhd. - *Pledged Securities Account for AmBank (M) Berhad for Can-One International Sdn. Bhd.*	370,226,898	83.35
2.	See Teow Chuan	24,351,171	5.48
3.	See Teow Chuan	13,184,823	2.97
4.	See Chin Lam	3,024,535	0.68
5.	See Teow Chuan Holdings Sdn. Bhd.	2,179,985	0.49
6.	See Teow Koon	2,032,855	0.46
7.	See Teow Guan	1,808,058	0.41
8.	Lew Man Yai @ Lew Moon Wai	1,423,979	0.32
9.	Seow Luan Eng	1,084,635	0.24
10.	Liew Sze Fook	585,000	0.13
11.	See Chin Kiat	570,000	0.13
12.	Lee Yau Heng	500,000	0.11

ANALYSIS OF SHAREHOLDINGS
AS AT 29 MARCH 2019

LIST OF 30 LARGEST SHAREHOLDERS (continued)
(According to the Record of Depositors)

No.	Name	No. of shares held	%
13.	Then Yen Sun	488,000	0.11
14.	See Siok Gee	480,200	0.11
15.	Maybank Nominees (Tempatan) Sdn. Bhd. *- Pledged Securities Account for H.N. Holdings Sdn. Bhd. (514329227962)*	468,000	0.11
16.	Khor Get Kim	464,735	0.10
17.	See Tiew Wah	456,160	0.10
18.	See Ewe Ghee	450,000	0.10
19.	Syarikat Pesaka Antah Sdn. Bhd.	384,000	0.09
20.	Ng Chor Weng	373,400	0.08
21.	Kim Poh Holdings Sdn. Bhd.	360,000	0.08
22.	See Chin Joo	334,080	0.08
23.	AMSEC Nominees (Tempatan) Sdn. Bhd. *- Pledged Securities Account for AmBank (M) Berhad for Can-One Berhad*	316,200	0.07
24.	Sow Tiap	288,000	0.06
25.	Tan Ching Piaw	275,000	0.06
26.	HLB Nominees (Tempatan) Sdn. Bhd. *- Pledged Securities Account for Lee Koing @ Lee Kim Sin*	211,000	0.05
27.	TA Nominees (Tempatan) Sdn. Bhd. *- Pledged Securities Account for Koh Kwee Choo*	200,000	0.05
28.	Citigroup Nominees (Tempatan) Sdn. Bhd. *- Kumpulan Wang Persaraan (Diperbadankan) (CRST SM ESG)*	196,500	0.04
29.	Genuine Composite Sdn. Bhd.	188,200	0.04
30.	Loh Teik Chye @ Loh Loon Teik	180,000	0.04
	Total	**427,085,414**	**96.15**

NOTICE OF SIXTY-FIRST ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Sixty-First Annual General Meeting of Kian Joo Can Factory Berhad will be held at Greens 2, Main Wing, Tropicana Golf & Country Resort Club, Jalan Kelab Tropicana, 47410 Petaling Jaya, Selangor Darul Ehsan, Malaysia on Friday, 24 May 2019 at 10.00 a.m. for the following purposes:

AGENDA

AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements of the Group and of the Company for the financial year ended 31 December 2018 and the Reports of the Directors and Auditors thereon. **(Please refer to Note C of this Agenda)**

2. To approve the payment of Directors' Fees amounting to RM808,000 to Directors of the Company in respect of the financial year ended 31 December 2018. **Resolution 1**

3. To approve the payment of benefits of up to RM500,000 to the Non-Executive Directors of the Company for the financial year ending 31 December 2019. **Resolution 2**

4. To re-elect as Director, Rajaretnam Soloman Daniel who retires pursuant to Articles 104 and 104A of the Company's Articles of Association. **Resolution 3**

5. To re-elect as Director, Lee Kean Teong who retires pursuant to Articles 104 and 104A of the Company's Articles of Association. **Resolution 4**

6. To re-elect as Director, Kee E-Lene who retires pursuant to Article 104A of the Company's Articles of Association. **Resolution 5**

7. To re-appoint BDO PLT, Chartered Accountants, as Auditors of the Company and to authorise the Directors to fix their remuneration. **Resolution 6**

AS SPECIAL BUSINESS

8. To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:

   Proposed Authority to Directors to allot and issue shares pursuant to Sections 75 and 76 of the Companies Act 2016 **Resolution 7**

   "THAT, subject to the Companies Act 2016, the Constitution of the Company and the approvals of the relevant governmental and/or regulatory authorities, if applicable, the Board of Directors of the Company ("Board") be and is hereby empowered pursuant to Sections 75 and 76 of the Companies Act, 2016, to allot and issue shares in the Company at any time at such price, upon such terms and conditions, for such purposes and to such person or persons whomsoever as the Board may in its absolute discretion deem fit, provided that the aggregate number of shares issued pursuant to this resolution shall not exceed ten per centum (10%) of the total number of issued shares of the Company for the time being;

   AND THAT such authority shall continue to be in force until:

   (i) the conclusion of the next Annual General Meeting ("AGM") of the Company, at which time it shall lapse, unless by ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions; or

   (ii) the expiration of the period within which the next AGM of the Company is required by law to be held; or

NOTICE OF SIXTY-FIRST ANNUAL GENERAL MEETING

(iii) revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting;

whichever occurs first;

AND THAT the Board be and is also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad."

9. To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:

Proposed renewal of authority for the Company to purchase its own shares **Resolution 8**

"THAT, subject to compliance with the Companies Act 2016, the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities"), the Constitution of the Company and all other applicable laws, guidelines, rules and regulations, the Company be and is hereby authorised to purchase such number of ordinary shares in the Company as may be determined by the Board of Directors of the Company ("Board") from time to time through Bursa Securities upon such terms and conditions as the Board may deem fit and expedient in the interest of the Company, provided that:

(i) the aggregate number of shares to be purchased pursuant to this resolution shall not exceed ten per centum (10%) of the total number of issued shares of the Company as at the date of the share buy-back;

(ii) an aggregate amount of the funds not exceeding the retained profits of the Company as at the date of the share buy-back, be utilised by the Company for the purchase of its own shares; and

(iii) the shares of the Company to be purchased may be cancelled, retained as treasury shares, distributed as dividends or resold on Bursa Securities, or a combination of any of the above, at the absolute discretion of the Board;

AND THAT the authority conferred by this resolution will commence immediately upon the passing of this resolution and will continue to be in force until:

(i) the conclusion of the next Annual General Meeting ("AGM") of the Company, at which time it shall lapse, unless by ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions; or

(ii) the expiration of the period within which the next AGM of the Company is required by law to be held; or

(iii) revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting,

whichever occurs first but not so as to prejudice the completion of purchase(s) by the Company before the aforesaid expiry date and, in any event, in accordance with the provisions of the MMLR of Bursa Securities or any other relevant authorities;

AND FURTHER THAT the Board be and is hereby authorised to do all such acts and things and to take all such steps as it deems fit, necessary, expedient and/or appropriate in order to complete and give full effect to the purchase by the Company of its own shares with full powers to assent to any condition, modification, variation and/or amendment as may be required or imposed by the relevant authorities."

NOTICE OF SIXTY-FIRST ANNUAL GENERAL MEETING

10. To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:

Proposed renewal of mandate for the Company and its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature **Resolution 9**

"THAT, subject always to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given for the Company and its subsidiaries to enter into the recurrent related party transactions of a revenue or trading nature as set out in Section 2.4 of Part B of the Company's Circular to Shareholders dated 25 April 2019 provided that:

(i) such transactions are necessary for the day-to-day operations of the Company and/or its subsidiaries and are carried out in the ordinary course of business on normal commercial terms and on terms not more favourable to the parties with which such recurrent transactions are to be entered into than those generally available to the public and are not to the detriment of the minority shareholders of the Company; and

(ii) the mandate is subject to annual renewal and disclosure is made in the annual report of the aggregate value of transactions conducted pursuant to the mandate during the financial year;

AND THAT the mandate conferred by this resolution shall continue to be in force until:

(i) the conclusion of the next Annual General Meeting ("AGM") of the Company, at which time it will lapse, unless by ordinary resolution passed at that meeting, the authority is renewed; or

(ii) the expiration of the period within which the next AGM of the Company after the date it is required to be held pursuant to Section 340(2) of the Companies Act 2016 ("the Act") (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or

(iii) revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting;

whichever is earlier;

AND THAT the Board of Directors of the Company be and is hereby authorised to complete and to do all such acts and things (including executing all such documents as may be required) as it may consider expedient or necessary to give effect to the transactions contemplated and/or authorised by this resolution."

11. To consider and, if thought fit, to pass the following as a Special Resolution:

Proposed Adoption of New Constitution of the Company **Special Resolution 1**

"THAT the New Constitution in the form and manner as set out in Part C of the Company's Circular to Shareholders dated 25 April 2019, be and is hereby approved and adopted as the New Constitution of the Company in substitution for, and to the exclusion, of the existing Memorandum and Articles of Association of the Company;

AND THAT the Board of Directors of the Company be and is hereby authorised to do all such acts and things as it may consider necessary and/or expedient in order to give full effect to the adoption of the New Constitution of the Company."

NOTICE OF SIXTY-FIRST ANNUAL GENERAL MEETING

12. To transact any other business of which due notice shall have been given in accordance with the Company's Articles of Association and/or the Companies Act 2016.

By Order of the Board

Tan Bee Keng (MAICSA 0856474)
Kwong Shuk Fong (MAICSA 7032330)
Company Secretaries

Batu Caves, Selangor Darul Ehsan
Malaysia
25 April 2019

Notes:

(A) GENERAL MEETING RECORD OF DEPOSITORS

Only members whose name appears in the General Meeting Record of Depositors as at 16 May 2019 shall be entitled to attend this Meeting or appoint proxy to attend and vote in his stead.

(B) PROXY

(i) A member of the Company entitled to attend and vote at this Meeting is entitled to appoint not more than 2 proxies to attend and vote in his stead. A proxy may but need not be a member of the Company. Where a member appoints 2 proxies to attend and vote at the same meeting, the appointment shall be invalid unless the proportion of the shareholdings to be represented by each proxy is specified in the instrument appointing the proxies.

(ii) Where a member is an authorised nominee, as defined under the Securities Industry (Central Depositories) Act 1991 ("SICDA"), it may appoint at least 1 proxy but not more than 2 proxies in respect of each securities account it holds which is credited with ordinary shares of the Company.

(iii) Where a member is an exempt authorised nominee ("EAN") as defined under the SICDA which holds ordinary shares in the Company for multiple beneficial owners in 1 securities account ("omnibus account"), there is no limit to the number of proxies which the EAN may appoint in respect of each omnibus account it holds.

(iv) The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing or, in the case of a corporation, under its common seal or in some other manner approved by the Directors. Any alteration to the instrument appointing a proxy must be initialled.

(v) To be valid, the completed form of proxy must be deposited at the office of the Company's Share Registrar, Boardroom Share Registrars Sdn. Bhd. (formerly known as Symphony Share Registrars Sdn. Bhd.) at Level 6, Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan, Malaysia, not less than 48 hours before the time appointed for holding this Meeting or any adjournment thereof; or in case of a poll, not less than 24 hours before the time appointed for the taking of the poll.

(C) AUDITED FINANCIAL STATEMENTS

This agenda item is meant for discussion only as under the provision of Section 340(1) of the Companies Act, 2016, the audited financial statements do not require a formal approval of the members. Hence, this item will not be put forward for voting.

(D) POLL VOTING

Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all the Resolutions will be put to vote by way of poll. Independent Scrutineers will be appointed to verify the results of the poll.

NOTICE OF SIXTY-FIRST
ANNUAL GENERAL MEETING

(E) PERSONAL DATA PRIVACY

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the forthcoming Sixty-First Annual General Meeting ("AGM") of the Company and/or any adjournment thereof, a member of the Company:

(i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes");

(ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes; and

(iii) agrees that the member will indemnify the Company in respect of any penalties, claims, demands, losses and damages as a result of the member's breach of warranty.

(F) EXPLANATORY NOTES ON SPECIAL BUSINESS

Resolution 7 - Proposed Authority to Directors to allot and issue shares pursuant to Sections 75 and 76 of the Companies Act 2016

The Company had at the Sixtieth AGM of the Company held on 25 April 2018, obtained general mandate for issuance of shares by the Board of Directors of the Company ("Board") pursuant to Section 75 and 76 of the Companies Act 2016. As at the date of this Notice, no new shares in the Company were issued pursuant to the general mandate granted to the Board at the Sixtieth AGM of the Company and hence, no proceeds were raised.

The Ordinary Resolution 7 proposed, if passed, will empower the Board from the date of the forthcoming Sixty-First AGM of the Company, to allot and issue ordinary shares at any time to such persons for such purposes as the Board may in its absolute discretion, consider to be in the interest of the Company, without having to convene a general meeting provided that the aggregate number of the shares shall not exceed 10% of the total number of issued shares of the Company for the time being. The authority from the shareholders will be effective immediately upon passing of the Ordinary Resolution and shall continue to be in force until:

(i) the conclusion of the next AGM of the Company; or

(ii) the expiration of the period within which the next AGM of the Company is required by law to be held; or

(iii) revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting,

whichever occurs first.

The general mandate will provide flexibility to the Company to raise capital for purpose of funding future investments, working capital and/or acquisitions.

Resolution 8 - Proposed renewal of authority for the Company to purchase its own shares

The Ordinary Resolution 8 proposed, if passed, will renew the authority for the Company to purchase through Bursa Securities such number of ordinary shares in the Company up to an aggregate amount not exceeding 10% of the total number of issued shares of the Company. The renewed authority from the shareholders will be effective immediately upon passing of the Ordinary Resolution and shall continue to be in force until:

(i) the conclusion of the next AGM of the Company; or

(ii) the expiration of the period within which the next AGM of the Company is required by law to be held; or

(iii) revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting,

whichever occurs first.

For further information, please refer to Share Buy-Back Statement dated 25 April 2019 which is despatched together with the Company's Annual Report 2018.

NOTICE OF SIXTY-FIRST ANNUAL GENERAL MEETING

Resolution 9 - Proposed renewal of mandate for the Company and its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature

The Ordinary Resolution 9 proposed, if passed, will renew the mandate for the Company and its subsidiary companies to enter into the RRPTs with Box-Pak (Malaysia) Bhd. and/or its subsidiary companies, Can-One Berhad and/or its subsidiary companies and also with Alcom Group Berhad and/or its subsidiary companies as set out in Section 2.4 of Part B of the Circular to Shareholders dated 25 April 2019.

The aforesaid mandate from shareholders is on an annual basis and subject to renewal at the next AGM of the Company.

For further information, please refer to the Circular to Shareholders dated 25 April 2019 which is despatched together with the Company's Annual Report 2018.

Special Resolution 1 - Proposed Adoption of New Constitution of the Company

The Special Resolution 1 proposed, if passed, will (i) align the Company's Constitution with the Companies Act 2016 which came into force on 31 January 2017, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and prevailing statutory and regulatory requirements applicable to the Company; and (ii) provide clarity to certain provisions therein, where relevant, as well as to render consistency throughout in order to facilitate and to enhance administrative efficiency.

For further details, please refer to Part C of the Circular to Shareholders dated 25 April 2019 which is despatched together with the Company's Annual Report 2018.

The Proposed Adoption of New Constitution shall take effect once the Special Resolution has been passed by members representing not less than 75% of the total voting rights of the members who are entitled to attend and vote and do vote in person or by proxy on the said resolution at the Sixty-First AGM of the Company.

KIAN JOO GROUP

KIAN JOO CAN FACTORY BERHAD
(INCORPORATED IN MALAYSIA) (003186-P)

FORM OF PROXY

CDS Account No.	No. of Shares Held

I/We ______________________________ (NRIC No./Passport No./Company No. ______________)
(Full Name in Block Letters)

of ______________________________ Tel No. ______________
(Address)

being a member/members of Kian Joo Can Factory Berhad hereby appoint:

Full Name (in Block Letters)	NRIC/Passport No.	No. of Shares	% of Shareholdings

*and/or *(*delete if not applicable)*

Full Name (in Block Letters)	NRIC/Passport No.	No. of Shares	% of Shareholdings

or failing him/her, THE CHAIRMAN OF THE MEETING as my/our proxy to vote on my/our behalf at the Sixty-First Annual General Meeting of the Company to be held at Greens 2, Main Wing, Tropicana Golf & Country Resort Club, Jalan Kelab Tropicana, 47410 Petaling Jaya, Selangor Darul Ehsan, Malaysia on Friday, 24 May 2019 at 10.00 a.m. and at any adjournment thereof.

My/our proxy/proxies will vote on the resolutions as indicated by an 'X' in the spaces provided below. In the absence of specific direction as to voting, my/our proxy/proxies will vote or abstain from voting at his/their discretion.

Resolution	Ordinary Business	For	Against
1	To approve the payment of Directors' Fees amounting to RM808,000 to Directors of the Company in respect of the financial year ended 31 December 2018.		
2	To approve the payment of benefits of up to RM500,000 to the Non-Executive Directors of the Company for the financial year ending 31 December 2019.		
3	To re-elect as Director, Rajaretnam Soloman Daniel who retires pursuant to Articles 104 and 104A of the Company's Articles of Association.		
4	To re-elect as Director, Lee Kean Teong who retires pursuant to Articles 104 and 104A of the Company's Articles of Association.		
5	To re-elect as Director, Kee E-Lene who retires pursuant to Article 104A of the Company's Articles of Association.		
6	To re-appoint BDO PLT, Chartered Accountants, as Auditors of the Company and to authorise the Directors to fix their remuneration.		
	Special Business		
7	Proposed Authority to Directors to allot and issue shares pursuant to Sections 75 and 76 of the Companies Act 2016.		
8	Proposed renewal of authority for the Company to purchase its own shares.		
9	Proposed renewal of mandate for the Company and its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature.		
Special Resolution			
1	Proposed Adoption of New Constitution of the Company.		

______________________________ ______________________________
Signature/Seal of Shareholder Date

**Strike out whichever is not applicable*

Notes:

(i) Only members whose name appears in the General Meeting Record of Depositors as at 16 May 2019 shall be entitled to attend this Meeting or appoint proxy(ies) to attend and vote in his stead.

(ii) A member of the Company entitled to attend and vote at this Meeting is entitled to appoint not more than 2 proxies to attend and vote in his stead. A proxy may but need not be a member of the Company. Where a member appoints 2 proxies to attend and vote at the same meeting, the appointment shall be invalid unless the proportion of the shareholdings to be represented by each proxy is specified in the instrument appointing the proxies.

(iii) Where a member is an authorised nominee, as defined under the Securities Industry (Central Depositories) Act 1991 ("SICDA"), it may appoint 1 proxy but not more than 2 proxies in respect of each securities account it holds which is credited with ordinary shares of the Company.

(iv) Where a member is an exempt authorised nominee ("EAN") as defined under the SICDA which holds ordinary shares in the Company for multiple beneficial owners in 1 securities account ("omnibus account"), there is no limit to the number of proxies which the EAN may appoint in respect of each omnibus account it holds.

(v) The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing or, in the case of a corporation, under its common seal or in some other manner approved by the Directors. Any alteration to the instrument appointing a proxy must be initialled.

(vi) To be valid, the completed form of proxy must be deposited at the office of the Company's Share Registrar, Boardroom Share Registrars Sdn. Bhd. (formerly known as Symphony Share Registrars Sdn. Bhd.) at Level 6, Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan, Malaysia, not less than 48 hours before the time appointed for holding of this Meeting or any adjournment thereof; or in the case of a poll, not less than 24 hours before the time appointed for the taking of the poll.

(vii) Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all the Resolutions will be put to vote by way of poll. Independent Scrutineers will be appointed to verify the results of the poll.

(viii) By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the Personal Data Privacy terms set out in the Notice of the Sixty-First AGM dated 25 April 2019.

Fold This Flap For Sealing

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AFFIX
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The Share Registrar
BOARDROOM SHARE REGISTRARS SDN. BHD. (378993-D)
(Formerly known as Symphony Share Registrars Sdn. Bhd.)
Level 6, Symphony House
Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya, Selangor Darul Ehsan,
Malaysia

1st Fold Here

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68100 Batu Caves
Selangor Darul Ehsan, Malaysia

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